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<u>Project Closure Phase explained in the context</u>
<u>of</u>
<u>Project Management</u>

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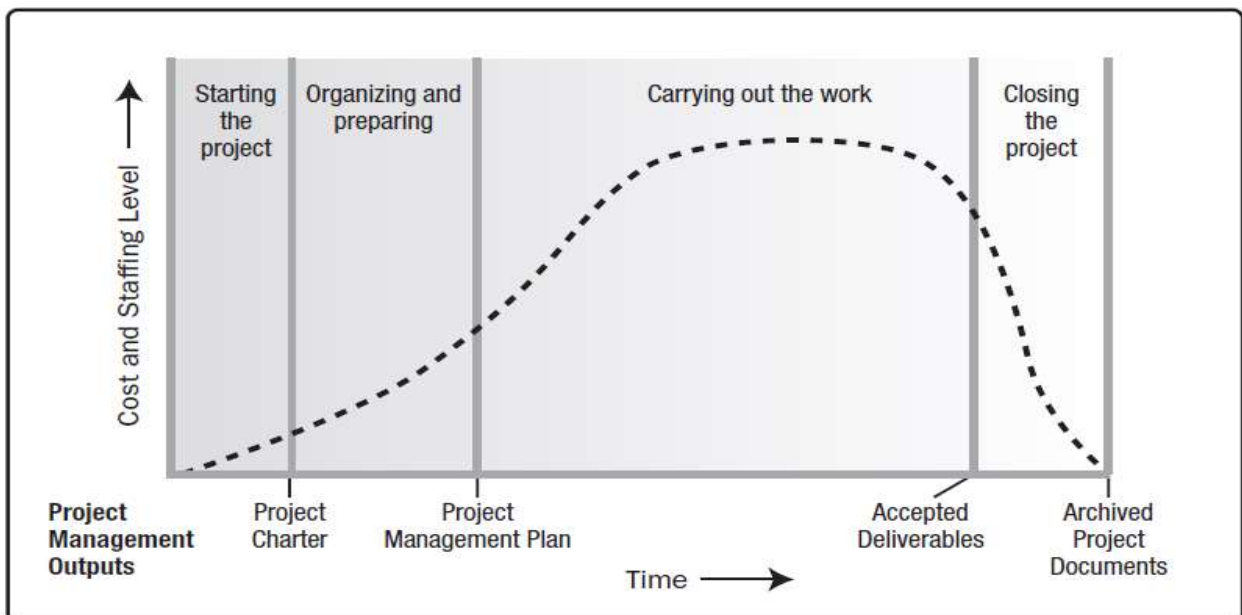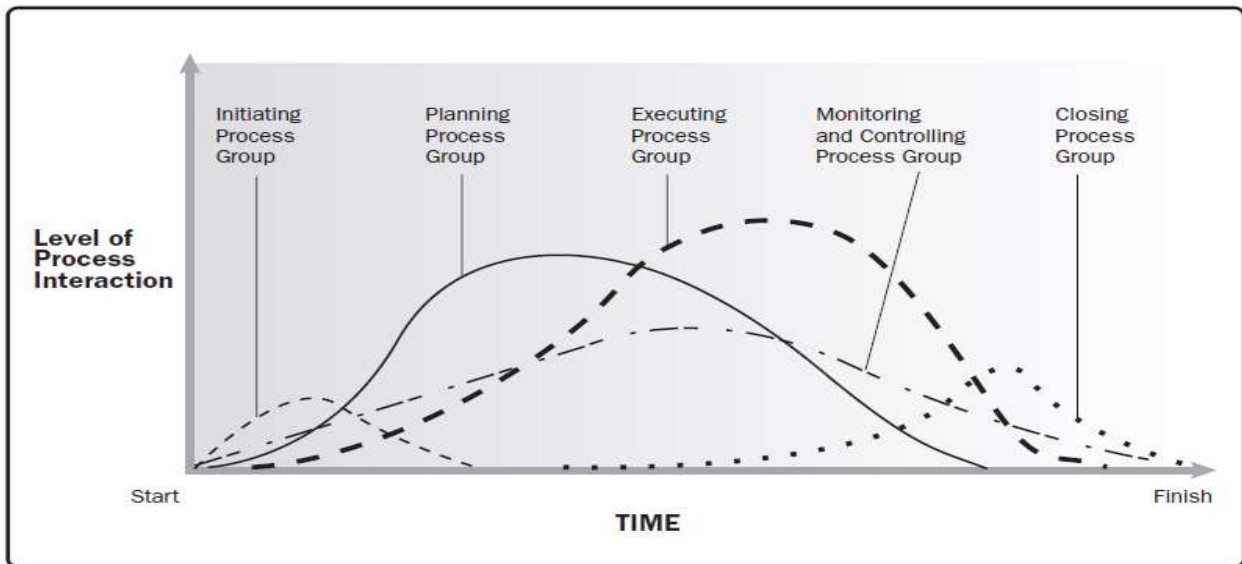2. Greenee Sinha, Masters in Material Science

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Overview

Project management consists of five process groups, namely initiating, planning, execution, monitoring and control, **closing** (refer various maps showing project life cycle and their interactions).

Project close-out should be anticipated and planned as early as possible in the project lifecycle even though it is often the last major process of a project's life.

The project closure phase consists of the processes that are performed to *officially finish and close all the assignments in a project or phase*. The practice of project close-out finalizes all project activities completed across all phases of the project to formally close the project and transfer the completed or cancelled project as appropriate. The concluding action in this group will usually include the approval and transfer of the project deliverables to the user or customer.

The purpose of project closeout is to assess the project, ensure completion, and derive any lessons learned and best practices to be applied to future projects. At a high-level, the key elements of project close-out are:
   o Verify acceptance of final project deliverables
   o Conduct post-project assessment and lessons learned
   o Conduct post-project review and evaluation
   o Recognize and celebrate outstanding project work
   o Disburse project resources – staff, facilities and automated systems

Project closure cover these points:
   - The project manager's overview of its successes and failures
   - Review of the Business Case
   - Review of the objectives targets and strategies

PMI Definition of Closing:

The Closing Process Group consists of those processes performed to conclude all activities across all Project Management Process Groups to formally complete the project, phase, or contractual obligations. This Process Group, when completed, verifies that the defined processes are completed within all of the Process Groups to close the project or a project phase, as appropriate, and formally establishes that the project or project phase is complete.

Project closure guidelines or requirements (e.g., lessons learned, final project audits, project evaluations, product validations, and acceptance criteria) must be in place.

According to **PRINCE2, the objectives of the project closure process** are to: assess and review the benefits to the project that have been realized, and the benefits that will be realized once the project has been completed, verify client acceptance of the project's product, review the project's performance by comparing to baseline documents, making sure that the products can be supported once the project is disbanded, work on any risks and issues that remain open by following up on recommended actions.

Why is Project Closure important?
It might seem like the least important process, since it doesn't cover any of the actual project work. However, there are three big benefits to ending a project the right way.
   - A formal closure is also a clear closure, which means you can properly hand over the project and responsibility to the client.
   - It lets you disband the project team, so the project doesn't incur further costs.

- It ensures the project met all the original objectives. It also teaches lessons by identifying and addressing any objectives that weren't achieved.
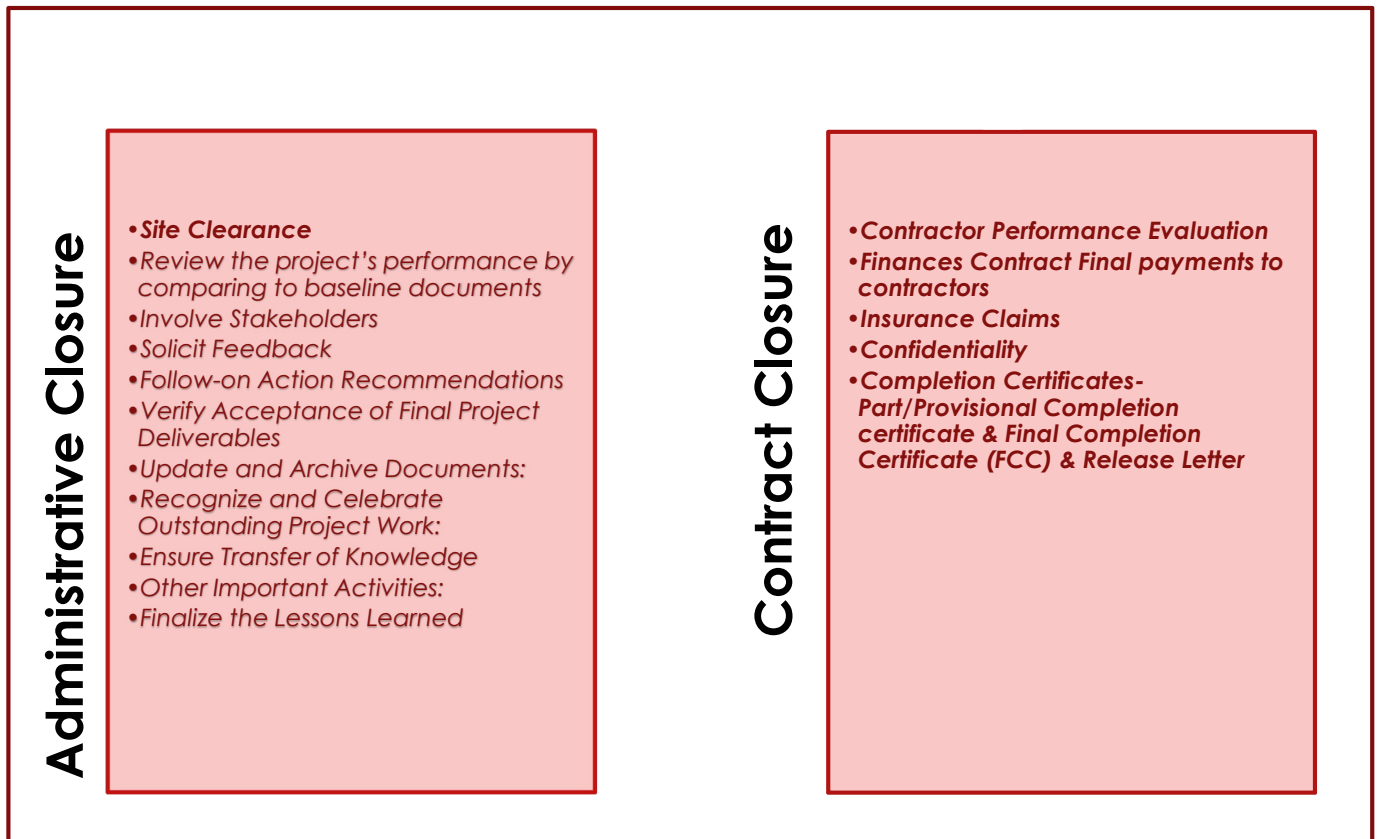
The essence of this process group is that all the stakeholders agree that the project has met its assigned objectives, and additional charges will not be assigned to the project. Furthermore, the staff and other resources can be assigned to other projects, or relieved if not required. Contract closeout signifies that the Contractor has fulfilled all contractual obligations and has received all payments required without any further outstanding liabilities.

Best Practices of Project Closing

By having and following best practices of project closure would lead to successfully document the success or failure of the project. Key Activities during Project Closure Phase are

- **Administrative Closure**
- **Contract Closure**

Close-out checklist template must be reviewed to make sure that all key items have been completed. Below is an easy-to-follow checklist to closing a project, which ensures all elements of the project closure phase have been completed.

Administrative Closure

- *Site Clearance*
- *Review the project's performance by comparing to baseline documents*
- *Involve Stakeholders*
- *Solicit Feedback*
- *Follow-on Action Recommendations*
- *Verify Acceptance of Final Project Deliverables*
- *Update and Archive Documents:*
- *Recognize and Celebrate Outstanding Project Work:*
- *Ensure Transfer of Knowledge*
- *Other Important Activities:*
- *Finalize the Lessons Learned*

Contract Closure

- *Contractor Performance Evaluation*
- *Finances Contract Final payments to contractors*
- *Insurance Claims*
- *Confidentiality*
- *Completion Certificates- Part/Provisional Completion certificate & Final Completion Certificate (FCC) & Release Letter*

Administrative Closure

The administrative closure process defines activities, interactions, and related roles and responsibilities of the project team members and other stakeholders involved in executing the administrative closure procedure for the projects. Performing the administrative closure process includes integrated activities to collect project records, analyze project success or failure, gather lessons learned, transfer the project products or services to production and/or operations, and archive project information for future use by the organization. Among other activities administrative closure includes:

- o Confirming the project has met all sponsor, customer, and stakeholder requirements
- o Verifying that all deliverables have been delivered and accepted
- o Validating exit criteria have been met
- o Complete and archive final product records
- o Ensure transfer of knowledge

i. *Site Clearance:* Site clearance shall include:
- Removal of all temporary facilities at site
- Demobilization of Contractor/Sub Contractor/vendor's resources;
- Return/hand over of facilities, materials, tools, tackles etc.;
- Restoration of facility/utilities to the condition it was in before being taken over
- Clearance/handing over of the area utilized by Contractor for the Services;
- Joint inspection and taking over the site, by signing the taking over document by all the concerned

ii. *Review the project's performance by comparing to baseline documents*
In the project closure phase project performance must be reviewed and compared to base line.

iii. *Involve Stakeholders*
Involve all project participants and stakeholders in the close-out process.

iv. *Solicit Feedback*
Conduct a post-project survey to solicit feedback on the project from the project team, customers, and stakeholders who were well-acquainted with the management of the project.

v. *Follow-on Action Recommendations*
These are given to the people who will support the products after the lifespan of the project

vi. *Verify Acceptance of Final Project Deliverables*
The first step of the close-out process is the customer's acceptance of the final deliverables of the project. This is a critical and important step, because it signifies that the customer agrees that the scope of the project and its deliverables are complete and were delivered as agreed upon by all parties. Acceptance is based upon the success criteria defined in the initiating and planning phases of the project. This acceptance should be formal, meaning that physical sign-offs should be obtained by the customer, project sponsor, and the project steering committee, as appropriate.

This is the most important action that is taken during the project closure phase. The project deliverables are reviewed by the customer according to the agreed acceptance criteria, and formally accepted. The acceptance criteria relate to the functional capability of the project deliverables, and are essentially a contract according to which a project is executed

To reach the end of the project and start the closure process, the project manager hands over the documentation for the stakeholders to sign off.

vii. *Update and Archive Documents:*
The project documents are prepared at the project initiation, and amended or updated as the project is executed, till the project closure phase. Updating of project documents is essential so as to be useful for future projects. Finally, these documents are archived for future reference. These documents are extremely useful when planning and executing future projects, and act as a useful template. Efforts undertaken during the project in preparing the project plans, and other documents are beneficially utilized for future projects, and thus repetition is avoided. Historic project data is an important source of information to help improve future projects.

Typically, at a minimum, the following project data is archived:
- Project Charter
- Project Plan
- Project Management Control Documents
  - Correspondence
  - Meeting notes
  - Relevant meeting notes
  - Status reports
  - Contract files
- Technical Documents
  - All Checklists
  - Benefits Management Approach
  - Information that had been placed under configuration control
  - Lessons Learned
  - End Project Report
- Best Practices

Organize, file and archive all the project documents in the previous checkpoint. Make sure they're all updated to the latest date and document owner. The easier it is to search and retrieve a document, the more useful it will be as a reference for future projects. Make sure they're signed off by the appropriate person.

All records, both electronic and hard copy should be stored according to record retention guidelines. The technical records will be turned over to the personnel responsible for maintenance and operation of the system or program after it has been deployed. The project archive includes a description of the files being stored, the application used to create the archived materials, the location where they are stored, and a point of contact for further information.

Archive all project data in a central repository. Include best practices, lessons learned, and any other relevant project documentation.

viii. *Recognize and Celebrate Outstanding Project Work:*
Celebrating the success of completing a project with positive reinforcement can be extremely rewarding for project teams. When a project is completed successfully, be certain to provide some kind of recognition to the team. If individuals are singled out for significant achievements, do not forget to recognize the entire team as well. Management may also want to express recognition of a successful team effort by praising the team at a key meeting or a large gathering of staff. People are proud to have senior management's appreciation openly expressed, and such recognition is a motivation to other projects to be successful.

ix. *Ensure Transfer of Knowledge*:
Once all the project information has been accumulated plan for knowledge transfer where appropriate to those who will be responsible for continued operations. Involve the project participants in the hand-off of responsibility.

x. *Other Important Activities*:
Other important activities that are undertaken during the project closure include the
1. finalization of procurement open issues,
2. customer training regarding the deliverables,
3. release or re-assignment of resources,
4. project team appraisals

xi. *Finalize the Lessons Learned*:
It is important that lessons learnt during the project are formally documented in the project closure phase, before the project team is assigned to other projects, or relieved. In order that the lessons learned are properly documented, a questionnaire may be circulated to the stakeholders for completion. Generally, the questions are aimed to obtain unbiased views, and include the critical success achieved during the project execution, and the factors that contributed to the achievements. Similarly, the difficulties encountered, and the actions that could have avoided this situation need to be explained. This information will be an important guide for subsequent projects. Other aspects that may be included in the lessons learned are the technology used, acceptance criteria of the deliverables, monitoring of the project, internal and external communications, involvement of user, and the implementation of the project schedule.

Lessons learnt should draw on both positive experiences– good ideas that improve project efficiency or save money, and negative experiences– lessons learnt only after an undesirable outcome has already occurred. Lessons learnt sessions are a valuable closure mechanism for team members, regardless of the project's outcome.

Convene a lessons learned session to promote the success of future projects. The lessons learnt session is typically a meeting that includes:
o Project team

- o Stakeholder representation including external project oversight, auditors, and/or QA
- o Executive management
- o Maintenance and operations staff
- o Project support staff

xii. *Project Report*:

A project report is completed at the project closure phase that is submitted to the project sponsor. This document essentially includes the project summary, starting from initiation till closure. The significant topics that are included in this report are the project purpose, objectives, plan, schedule, and a comparison of the initial baseline schedule and the actual schedule. Details are provided regarding the changes incorporated, processes tailored, and their effects on the project. Financial aspects are important to be included in this report. This post execution examination is an assessment of the project's effectiveness, and its preparedness for future projects. The End Project Report is made up of other documents:

- Project Initiation Documentation
- Business Case
- Project Plan
- Benefits Management Approach
- Issue Register
- Quality Register
- Risk Register
- Lessons Report

xiii. *Manage Resources*

The project's resources, from equipment to people, should be released from the project. If they're owned or employed by the company, reassign them to another project.

The project manager may face requests to release staff from the project team before all project closing tasks are finished. The project manager should anticipate these requests, considering both project goals and staff capabilities.

Contract Closure

Contract closure includes activities and interactions needed to settle and close any contract agreements established for the project, as well as those related to supporting the formal administrative closure of the project.

Contract closure involves verification that all work has been completed correctly and satisfactorily, updating of contract records to reflect final results, and archiving information for future use. Among other activities contract closure includes:

- o Confirming the project has addressed the terms and conditions of the contracts
- o Confirming completion of exit criteria for contract closure
- o Formally closing out all contracts associated with the completed project

The Contract Administrator is responsible for coordinating the closeout of the Contract based on its physical completion, fulfillment of Contract obligations, and without any liabilities.

1. *Contractor Performance Evaluation*:
   Performance evaluation of Contractors shall be done on completion/closeout of each Contract as per the evaluation criteria
   (a) Apart from the need to carry out periodic Contractor performance evaluation during Contract execution,
   (b) Contractor Performance Evaluation shall also be done on completion/closeout of each Contract as per the evaluation criteria.
   (c) Contract Administrator shall initiate Contractor's Performance Evaluation
   (d) Procurement Unit shall report to the Commercial Directory as appropriate

2. *Compliance with any other contractual requirements*
   Ensure the compliance with any or all other requirements of the contract.

3. *Insurance Claims*:
   Settlement of insurance Claims shall be monitored by the Insurance Unit until its settlement

4. *Finances- Contract Final payments to contractors*
   Pay off any remaining invoices and close any project-related contracts that are still open.

5. *Confidentiality* –
    Upon closing subcontractor contracts, consider the confidentiality of the contracts before potentially sharing with the client

6. *Completion Certificates*
   Final Completion Certificate/Provisional or Part Completion Certificate is mandatory to be prepared for close out to ensure fulfillment of all obligations under the Contract. Acceptance certificates can either be Part/Provisional Completion certificate or Final Completion certificate and that shall be as follows
   Part/Provisional Completion certificate
      Provisional Completion Certificate (PCC) shall be issued to the Contractor to certify the takeover of the facilities and the requirements should be as under:
      - Punch List of all the incomplete minor works/services as agreed
      - All work permits shall be closed and documented
      - The date of completion upon which Warranty/Guarantee/Performance Period commence shall be specified in the PCC.
      - The PCC shall be as per the agreed format
      - The prescribed value of retention (if applicable) shall be released.
      - Upon issuance of PCC, Contractor to reduce the value of the performance bank guarantee as per the contract

*Final Completion Certificate (FCC):*FCC shall be issued based on the following:

- On completion of the Performance Bank Guarantee period specified in the Contract, including extensions to the same.
- Completion and acceptance of all minor works identified in the Checklist of the PCC
- Closing of all issues raised during the Warranty period.
- Fulfilling all of obligations as per the Contract.
- Release Letter in accordance with the prescribed format in the Contract.
- FCC shall be in accordance with the prescribed format in the Contract.
- Contract close out should be rerecorded in the ERP system/CLM OR any other system

After the FCC is issued, the retained bank guarantees from the Contractor along with any remaining retention (if applicable) in connection with the Contract shall be released.

Conclusion

Projects are intended to create a precise exclusive result, and on achieving this outcome, the end is reached, and culminates in the project closure. After the completion of the post project review, the project is considered to be formally closed.

All projects reach an end, either the objectives being achieved as planned, or the project being terminated since the project may now not be viable. In either case, the project closure phase is an important element of the project activities and needs to be completed with deliberate efforts.

The process of project review may emphasize issues that should be concentrated in the forthcoming projects. In some project environments, the projects occur rapidly at a fast pace, and thus a project flows swiftly into another project. In such circumstances, it is important to remember that the project closure phase has to be completed with full efforts. The planning and execution of the subsequent projects will become much simpler by the conduct of a proper project closure phase of the preceding projects.

References

1. PMI
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