

# Chapter 8: Closing Projects

**Introduction to Project Management**

# Learning Objectives

- List several tasks and outputs of project closing.
- Discuss the process of closing a project performed as part of project integration management, and describe the contents of a customer acceptance/project completion form, final project report, and lessons learned report.
- Explain the process of contract closure performed as part of project procurement management, and describe the contents of a written notice of a closed contract.
- List several best practices used in project management, and discuss how improving project management maturity can improve project performance.

# Introduction

- Closing projects involves gaining stakeholder and customer acceptance of the final products and services, and bringing the project to an orderly end.
- Closing includes verifying that all of the deliverables are complete, planning for transition of products and services into the organization, and preparing a final presentation and report.
- It is also important to reflect on what can be learned to improve future projects. As philosopher George Santayana said, “Those who cannot remember the past are condemned to repeat it.”

# Table 8-1. Summary of Project Closing Outputs

Knowledge area	Outputs
Project integration management	Administrative and contract closure procedures Final products, services, or results Updates to organizational process assets
Project procurement management	Closed contracts Updates to organizational process assets

# Closing Tasks for Project Integration Management

- Closing a project involves creating:
  - Administrative closure procedures
  - Contract closure procedures
  - Final products, services, or results
  - Updates to organizational process assets

# Just-In-Time Training Project Closing

- In closing the Just-In-Time Training project, Kristin and her team prepared:
  - A customer acceptance/project completion form
  - A final report and presentation
  - A transition plan (provided as part of the final report)
  - A lessons-learned report (after a “sticky note” party)
- Kristin also organized a luncheon for the project team to celebrate a job well done.

# Table 8-2. Sample Customer Acceptance/Project Completion Form

**Customer Acceptance/Project Completion Form**  
**June 30, 2008**

**Project Name:** Just-In-Time Training Project  
**Project Manager:** Kristin Maur

**I (We), the undersigned, acknowledge and accept delivery of the work completed for this project on behalf of our organization. My (Our) signature(s) attest(s) to my (our) agreement that this project has been completed. No further work should be done on this project.**

<b>Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>
Lucy Camarena	Training Director	Lucy Camarena	June 30, 2008

1. Was this project completed to your satisfaction?      X   Yes           No

2. Please provide the main reasons for your satisfaction or dissatisfaction with this project.  
The project met and exceeded my expectations. In my 15 years with this company, I have never seen workers so interested in training courses. Kristin effectively coordinated all of the people who worked on this project. We worked with a number of new suppliers, and everything went very smoothly.

3. Please provide suggestions on how our organization could improve its project delivery capability in the future.  
One suggestion would be to try to improve our estimating and forecasting abilities. The project costs were slightly over budget, even with some reserve built in. The schedule buffer prevented the project from finishing late. We also need to improve the way we forecast the number of people who want to take courses. The demand for the Web-based courses was much higher than expected. Even though that was a pleasant surprise, it was still poor forecasting and caused extra work for project and support staff.

**Thank you for your inputs.**

# Table 8-3. Sample Table of Contents for a Final Project Report

**Final Project Report**  
**June 20, 2008**

**Project Name: Just-In-Time Training Project**

1. Project Objectives
2. Summary of Project Results
3. Original and Actual Schedule
4. Original and Actual Budget
5. Project Assessment
6. Transition Plan
7. Training Benefits Plan

*Attachments:*

**A. Key Project Management Documentation**

- Business case
- Project charter
- Project management plan
- Performance reports

**B. Product-Related Documentation**

- Survey and results
- Summary of user inputs
- Report on research of existing training
- Partnership agreements
- Course materials
- Intranet site training information
- Summary of course evaluations

# Table 8-4. Sample Transition Plan

<b>Transition Plan</b> <b>June 20, 2008</b>	
<b>Project Name:</b> Just-In-Time Training Project	
<b>Introduction</b>	The main goal of this project was to develop a new training program at Global Construction to provide just-in-time training to employees on key topics, including supplier management, negotiating skills, project management, and software applications. New courses were developed and offered in instructor-led, CD-ROM, and Web-based formats. These courses will continue to be offered at Global Construction for the next several years. This transition plan describes the work required to support these courses.
<b>Assumptions</b>	<ul style="list-style-type: none"><li>• Support for the just-in-time training will be handled by staff in affected operational departments, including the training, IT, HR, and contract departments.</li><li>• Funding for the required support is budgeted at \$400,000 per year for three years. These funds will be used to pay staff in the operational departments supporting this project, experts providing information for courses, and suppliers providing training materials and courses.</li><li>• New course topics will be developed under a new project and are not part of this transition plan.</li></ul>
<b>Organization</b>	The Training Director, Lucy Camarena, will lead all efforts to support the Just-In-Time Training courses. Staff from the training, IT, HR, and contract departments will provide support as required. See the organizational chart provided in Attachment 1.
<b>Work Required</b>	The main work required to support the training developed from this project includes: <ul style="list-style-type: none"><li>• Maintaining related information on the intranet site</li><li>• Handling course registration</li><li>• Determining the number of courses offered each year and when they will be offered</li><li>• Providing classrooms for the instructor-led training</li><li>• Coordinating with suppliers for all training courses</li><li>• Planning and managing the internal experts who provide some of the training and expert support for the courses</li><li>• Collecting course evaluation information and suggestions for changing the content or format of courses</li><li>• Reporting information to senior management on a monthly basis</li></ul>
	See Attachment 2 for detailed information on the work required.
<b>Schedule</b>	See Attachment 3 for a draft schedule of work to be performed in the next year. The training director is responsible for scheduling and managing the work required to support the just-in-time training.

# Table 8-5. Sample Lessons Learned Report

Lessons-Learned Report June 20, 2008	
<b>Project Name:</b>	The Just-In-Time Training Project of Global Construction Inc.
<b>Project Sponsor:</b>	Lucy Camarena
<b>Project Manager:</b>	Kristin Maur
<b>Project Dates:</b>	July 1, 2007–June 30, 2008
<b>Final Budget:</b>	\$1,072,000
<b>1. Did the project meet scope, time, and cost goals?</b>	
We did meet scope and time goals, but we had to request an additional \$72,000, which the sponsor approved. We actually exceeded scope goals by having more people take training courses than planned, primarily the Web-based courses.	
<b>2. What was the success criteria listed in the project scope statement?</b>	
The following statement outlined the project scope and success criteria: “Our sponsor has stated that the project will be a success if the new training courses are all available within one year, if the average course evaluations are at least 3.0 on a 1-5 scale, and if the company recoups the cost of the project in reduced training costs within two years after project completion.”	
<b>3. Reflect on whether or not you met the project success criteria.</b>	
All of the new training courses were offered within a year, and the course evaluations averaged 3.4 on a 5.0 scale. We do not know if the cost of the project will be recouped within two years after completion, but the number of people who took the Web-based training courses far exceeded our expectations. Because the Web-based training is more cost-effective than the instructor-led training, we are confident that the costs will be recouped in less than two years.	
<b>4. What were the main lessons your team learned from this project?</b>	
The main lessons we learned include the following: <ul style="list-style-type: none"><li>• Having good communication was instrumental to project success. We had a separate item in the WBS for stakeholder communications, which was very important. Moving from traditional to primarily Web-based training was a big change for Global Construction, so the strong communication was crucial. The intranet-site information was excellent, thanks to support from the IT department. It was also very effective to have different departments create project description posters to hang in their work areas. They showed creativity and team spirit.</li></ul>	

# Table 8-5. Sample Lessons Learned Report (continued)

- Teamwork and supplier partnerships were essential. It was extremely helpful to take time to develop and follow a team contract for the project team and to focus on developing good partnerships with suppliers.
- Good planning paid off in terms of when plans were executed. We spent a fair amount of time developing a good project charter, scope statement, WBS, schedules, and so on. Everyone worked together to develop these planning documents, and there was strong buy-in. We kept the plans up to date and made key project information available for everyone on a secure Web site.
- Creativity and innovation are infectious: After departments had so much fun making their posters in their work areas, people picked up on the idea of being creative and innovative throughout the project. Everyone realized that training and learning could be enjoyable.
- The project steering committee was very effective, and it was extremely helpful to meet regularly with the committee. Having committee members from departments throughout the company was very important and helped promote the training created as part of this project.

## **5. Describe one example of what went right on this project.**

We were skeptical about hiring an outside consultant to help us develop a short list of potential suppliers for the training courses, but it was well worth the money. We gained a good deal of useful information very quickly, and the consultant made excellent recommendations and helped us develop partnerships that benefited us as well as our suppliers.

## **6. Describe one example of what went wrong on this project.**

The senior supplier management specialist assigned to the team at the beginning of the project was not a good fit. The project manager should have had more involvement in selecting project team members.

## **7. What will you do differently on the next project based on your experience working on this project?**

For future training projects, it would be helpful to line up experts and mentors further in advance. We underestimated the number of people who would take the Web-based courses, and participants liked the interactive features, such as getting expert advice and having a list of people willing to mentor them on various topics. We were scrambling to recruit people, and then had to figure out how to organize them in an effective manner.

# Closing Tasks for Project Procurement Management

- **Contract closure** involves completion and settlement of contracts, and resolution of any open items.
- Two tools to assist in contract closure are:
  - **Procurement audits**, which help to identify lessons learned in the entire procurement process.
  - A **records management system**, which provides the ability to easily organize, find, and archive procurement-related documents.
- Outputs include updates to organizational process assets and closed contracts.

# Table 8-6. Sample Written Notice of a Closed Contract

## Global Construction, Inc., Contract Closure Notice

September 16, 2007

As described in our service agreement (SA390-7), this letter provides formal notice that the work you were contracted to perform for Global Construction has been completed. ABC Training developed a qualified-sellers list containing 30 potential sellers and a report with one page of key information on each seller. Payment is being processed based on the invoice provided by ABC Training.

Kristin Maur, the project manager, has provided the following performance assessment for the work provided:

“We were very pleased with the work of ABC Training. Members of the firm were professional, knowledgeable, and easy to work with. Global Construction depended on ABC Training to develop a qualified sellers list for this important project, and we were extremely happy with the results. On a scale of 1 to 10, you earned a 10!”

*Lawrence Scheller*

By: Lawrence Scheller, Contract Specialist, Global Construction, Inc.

Date: September 16, 2007

# Best Practices

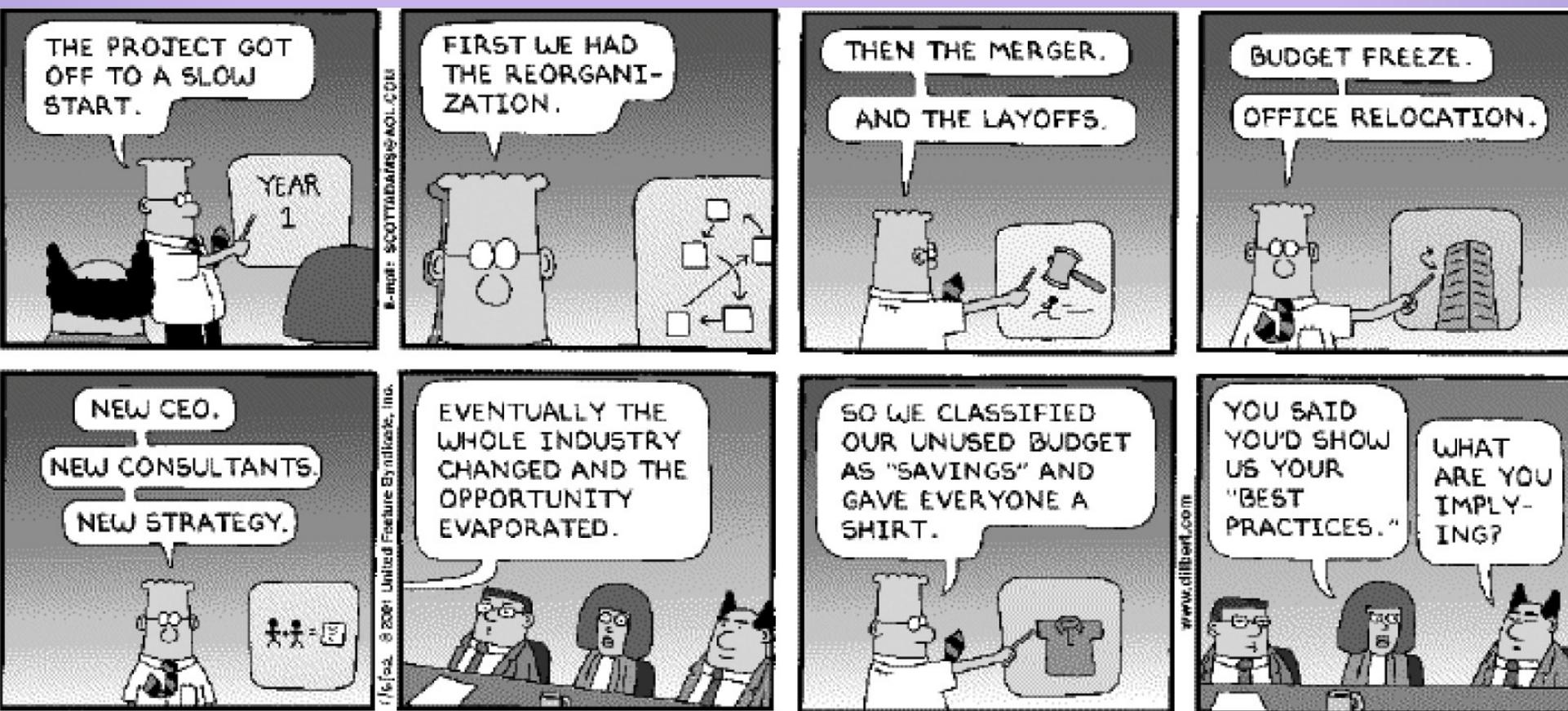
- Many organizations continue to struggle with project management.
- To prevent problems and improve project management, many people are attempting to discover and use best practices.
- Examples of best practices are provided by PMI, Interthink Consulting, the Ultimate Business Library, and this text.

# What Went Wrong?

When George Stephenson built a railway from Liverpool to Manchester in the 1820s, it was completed behind schedule and 45 percent over budget. In 2005, the reconstruction of Wembley Stadium, the home of English soccer, was threatened when the Australian developer of the site said it faced huge losses on the GBP 750 million (1.4 billion U.S. dollars) project. The cost of steel doubled in 2004, and labor costs were exceeding estimates as they worked to complete the stadium in time for the May 2006 FA Cup final....People claim that the forecasts on similar projects are no more accurate now than they were 30 years ago.\*

\*Mary Evans, "Overdue and Over Budget, Over and Over Again," *Economist.com* (June 9, 2005).

# Figure 8-1. Dilbert's View of Best Practices



DILBERT: © Scott Adams/Dist. by United Feature Syndicate, Inc.

# Organizational Project Management Maturity Model (OPM3) Best Practices

- The PMI Standards Development Program published OPM3 in December 2003 to address the need to bridge the gap between organizational strategy and successful projects.
- OPM3 defines **organizational project management** as “the systematic management of projects, programs, and portfolios in alignment with the achievement of strategic goals.”
- It provides a way for organizations to measure their organizational project management maturity against a comprehensive set of best practices.
- OPM3 defines a **best practice** as “an optimal way recognized by industry to achieve a stated goal or objective.”

# More on OPM3 Best Practices

- OPM3 lists 586 best practices, which are achieved through developing and consistently demonstrating supporting capabilities, as observed through measurable outcomes.
- **Capabilities** are incremental steps that lead to best practices, and **outcomes** are the results of applying capabilities.
- A **key performance indicator (KPI)** is a criterion used to determine whether the outcome associated with a capability exists, or the degree to which it exists.

# OPM3 Example

- **Best practice:** Establish internal project management communities.
- **Capability (one of four for this best practice):** Facilitate project management activities.
- **Outcome:** Local initiatives, meaning the organization develops pockets of consensus around areas of special interest.
- **Key performance indicator:** Community addresses local issues.

# Sample OPM3 Best Practices

- **Project initiation process standardization**—Project initiation process standards are established.
- **Program activity definition process standardization**—Program activity definition process standards are established.
- **Portfolio resource planning process standardization**—Portfolio resource planning process standards are established.

# Maturity Models

- OPM3 and similar maturity models include questionnaires that help organizations determine their maturity levels in project, program, and portfolio management.
- A **maturity model** is a framework for helping organizations improve their processes and systems.
- It describes an evolutionary path of increasingly organized and systematically more mature processes.
- Many maturity models have five levels, with level one describing characteristics of the least organized or least mature organizations, and level five describing the characteristics of the most organized and most mature organizations.

# What Went Right?

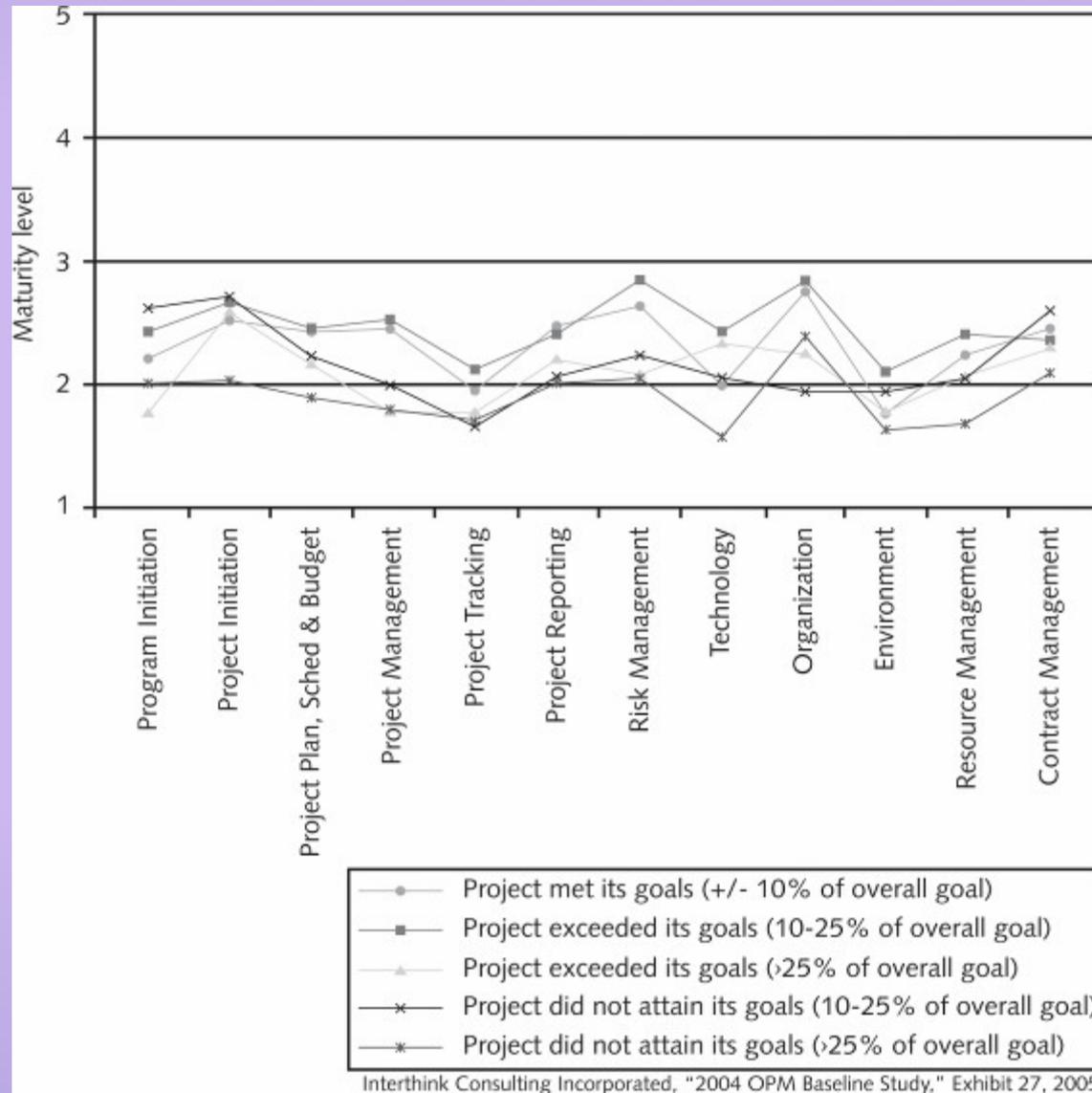
“Three years ago the board of Siemens launched a worldwide initiative to improve its project management. The German electronics group had worked out that half its turnover came from project-like work, and it calculated that if it could complete all of these projects on time and to budget, it would add EURO 3 billion (\$3.7 billion U.S. dollars) to its bottom line over three years. A key element of the scheme was the introduction of project managers to the company’s sales teams to try and temper their more extravagant promises, a move that requires a careful balance between reining them in and killing the deal....”\*

\*Mary Evans, “Overdue and Over Budget, Over and Over Again,” *Economist.com* (June 9, 2005).

# Interthink Consulting Research on Project Management Maturity

- The Organizational Project Management (OPM) Baseline Study, which completed its seventh year in 2005, provides a comprehensive overview of project management practices in organizations and industries worldwide and has over 600 participants.
- The main thesis is that improved process capabilities will result in improved project delivery.
- Based on the 2004 study, there were definite relationships between maturity and project delivery.

# Figure 8-2. Process Maturity and Project Goal Attainment



# Study Results

“For projects that met their goals or exceeded them by a factor of 10% to 25% there is a slight but clear increase in overall maturity through the majority of the process capability areas. For the organizational capability areas, the increase in maturity is most clear in the areas of Risk Management and Organization. For projects that failed to exceed their goals, the indicated maturity in the majority of the process capability areas are relatively lower.”\*

\*Mark E. Mullaly, “2004 Organizational Project Management Baseline Study Results Overview,” (<http://www.interthink.ca/>) (2005).

# Ultimate Business Library Best Practices

- Rosabeth Moss Kanter, a professor at Harvard Business School and a well-known author and consultant, says that visionary leaders know “the best practice secret: Stretching to learn from the best of the best in any sector can make a big vision more likely to succeed.”\*
- Kanter emphasizes the need to have measurable standards for best practices that can measure performance against their own past, against peers, and, even better, against potential.

\*Ultimate Business Library, *Best Practice: Ideas and Insights from the World's Foremost Business Thinkers*, Cambridge, MA: Perseus Publishing, 2003, p. 1.

# Exercise Regime to Adapt Best Practices

- Reach high. Stretch. Raise standards and aspirations. Find the best of the best and then use it as inspiration for reaching full potential.
- Help everyone in your organization become a professional. Empower people to manage themselves through benchmarks and standards based on best practice exchange.
- Look everywhere. Go far afield. Think of the whole world as your laboratory for learning.\*

\*Ultimate Business Library, *Best Practice: Ideas and Insights from the World's Foremost Business Thinkers*, Cambridge, MA: Perseus Publishing, 2003, p. 8.

# Robert Butrick's Best Practices for Project Management

- Make sure your projects are driven by your strategy.
- Use a staged approach.
- Engage your stakeholders.
- Ensure success by planning for it.
- Monitor against the plan.
- Manage the project control cycle.
- Formally close the project.

# Media Snapshot

- Another view of best practices includes best places for people to work...Quotes from employees often show why certain companies made the lists.
- “It is a friendly, courteous, caring hospital. We generally care about our co-workers and our patients. I can always get the help and support that I need to function in this hospital. This goes from the top all the way down to the cleaning people.”
- “This is the best place I have ever worked. There’s an open door policy. Every one is allowed to voice their opinion.”
- “I get information about everything—profits, losses, problems. Relationships with people are easier here. It’s more direct and open.”\*

\*Great Place to Work Institute, Best Companies Lists ([www.greatplacetowork.com](http://www.greatplacetowork.com)) (June 2005).

# Summary of Best Practices Mentioned in This Text

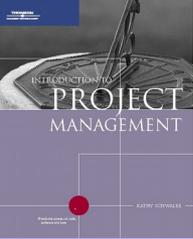
- Determine how project, program, and portfolio management will work best in your own organization.
- Involve key stakeholders—including shareholders, customers, and employees—in making major decisions.
- Develop and follow a formal project selection process to ensure projects support business needs.
- Lay the groundwork for projects before they officially start.
- Separate projects by phases, such as a study phase project, when it makes sense to do so.
- Designate a project champion to provide high-level support and participate in key meetings.

# Summary of Best Practices Mentioned in This Text (continued)

- Assign a project manager from operations to lead projects that affect operations.
- Form a steering committee with key managers from various departments for projects that will cause major organizational change.
- Provide mentoring and training for project managers and other stakeholders.
- Document action items at meetings, and set the next meeting time.
- Document meeting minutes, focusing on key decisions and action items, and send them out quickly.
- Use more than one approach for creating cost estimates.

# Summary of Best Practices Mentioned in This Text (continued)

- Use formal supplier evaluation procedures to help select sellers.
- Include a detailed statement of work and schedule in contracts.
- Develop and follow a formal change-control process.
- Work with suppliers to ensure that deliverables are produced properly.
- Follow a deliverable acceptance process to verify project scope.
- Be clear and honest in communicating project status information, and share the responsibility for project communications with the entire project team.
- Formally close projects, and share lessons learned.



# Chapter Summary

- Closing projects involves gaining stakeholder and customer acceptance of the final products and services, and bringing the project to an orderly end.
- Closing outputs related to integration management include administrative and contract closure procedures; final products, services, or results; and updates to organizational process assets.
- Closing outputs related to procurement management include closed contracts and updates to organizational process assets.
- Many organizations study and apply best practices to improve their ability to manage projects, programs, and portfolios.