Case study: The impact of skipping project closure steps

In the video, we discussed the importance of the last phase of the project life cycle: closing the project. You learned that, in order to close a project, you must ensure that:

- All work is done.

- All agreed-upon project management processes have been executed.

- You have received formal recognition and agreement from key stakeholders that the project is done.

In this reading, we will discuss the impact of skipping important project closure steps.

Sometimes project closure is improperly conducted or never happens at all. This can have a major impact on your organization's overall profitability and success. Skipping the closure phase can compromise a project that had otherwise been running smoothly. No matter how successful the project may look in its final stages, your job as a project manager is not complete until all steps of the closure phase have been completed.

Case study: Tilly's Toys

In order to better understand what can happen when a project is not properly closed out, let's examine a possible scenario: Tilly's Toys, a small children's toy manufacturer, developed a new interactive piggy bank that speaks and plays songs to help children learn number recognition, counting, and adding. Below are several oversights that occurred as a result of not properly closing out the project.

Oversight #1: Not all of the work was completed.

What happened: When Tilly's Toys received the final toy box from the packager, they realized that it did not include the safety disclaimer that the toy includes small parts and should not be used by children under the age of three. The design of this disclaimer had been included in the original Statement of Work but was never completed.

Impact on the organization: When the missing disclaimer was discovered, Tilly's Toys was not able to use any of the boxes that had been created. They incurred significant costs to have the packager create all new boxes including the disclaimer. Having to recreate the boxes also meant that they were not able to meet their original launch date, which would have had the toys in stores before the holiday season. This oversight cost the organization additional revenue and extended the project timeline and resources.

Oversight #2: The organization did not complete an important agreed upon project management process.

What happened: Tilly's Toys customer, a regional chain of toy stores, required that all contractors working on the project sign a non-disclosure agreement (NDA). The NDA stated that the contractors would not disclose any information about the toy until its launch date. One of the educational experts contracted to review the toy was never given this NDA. Not having received—or signed—this important form, the contractor posted about the new toy on social media months before the toy's launch date.

Impact on the organization: Sharing information with the public before the toy was launched was a breach of contract between Tilly's Toys and their customer. This breach put Tilly's Toys at significant legal risk.

Oversight #3: Stakeholders and the project manager did not provide formal recognition and agreement that the project was done.

What happened: Ames, the project manager, communicated with the customer throughout the toy's development about their objectives for the toy. After the previous oversights were rectified and Ames assumed his team was done with the project, he released the team to work on other projects. Shortly after, the customer sent a list of additional changes they wanted to see in the toy's design.

Impact on the organization: Ames had to tell the customer that it was too late to implement their design requests. The customer was unhappy and told Ames that they may consider using a different toy manufacturer in the future.

Avoiding the impact of project closure oversights

Oversights or skipping steps in the closing phase of a project can:

- Impact the product's or service's scheduled launch dates.

- Put your organization at legal risk.

- Result in significant financial losses to your organization.

- Undermine your team's credibility, and yours.

- Damage your relationship with the customer or client.

All of the steps of the project life cycle—initiating the project, making a plan, executing and completing tasks, and closing the project—are essential for a successful outcome. Unfortunately, closing the project is a phase that too often gets skipped, which can negatively impact both the project manager and their organization. To avoid these issues, make sure to plan for this phase just as you would any of the other project life cycle phases.