### Chapter 16

Closing

# Learning Objectives

When you have completed this chapter you should be able to:

1. Understand the importance of formally closing projects
2. Discuss the closing processes and outputs and how they were used on ResNet
3. Describe the tools and techniques used to aid in project closing on ResNet
4. Explain how NWA measured the business benefits of ResNet
5. Describe the methodology and findings in the ResNet final audit report
6. Discuss the lessons learned from the ResNet projects
7. See how NWA continues to enhance ResNet and develop the discipline of project management in the 21st century
8. Relate some of the closing events in ResNet with concepts described in previous chapters.

# Chapter Outline

**What Is Involved in Closing Projects?**

**Administrative Closure**

**ResNet Audit**

**ResNet Final Recognition Party and Personnel Transition**

**Lessons Learned**

**ResNet+**

**ResNet+ and Project Management at NWA in the 21st Century**

**Lecture Notes**

## What Is Involved in Closing Projects?

Table 16-1 summarizes the knowledge areas, processes, and outputs of project closing. The importances of closing project even those that are not completed or not successful. Learning from past projects helps ensure the success of future projects.

* Closing processes include gaining stakeholder acceptance of the final product and bringing the project or phase to an orderly end
* Closing verifies that all of the deliverables have been completed
* A project audit is often done

## Transition Planning

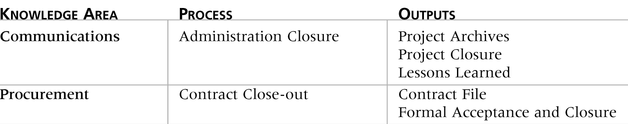
## It is important to plan for and execute a smooth transition of the project into the normal operations of the company

## Most projects produce results that are integrated into the existing organizational structure

## Some projects require the addition of new organizational structures

## Some projects end by extinction or starvation

## Table 16-1. Closing Processes and Outputs



## Administrative Closure

An important part of administrative closure is verifying and documenting project results. Table 16-2 summarizes the ResNet benefits at a March 1996 benefits review. Note the 4.4 percent reduction in call handle time and 6.0 percent increase in direct ticket sales.

* Administrative closure involves
  + verifying and documenting project results to formalize acceptance of the products produced
  + collecting project records
  + ensuring products meet specifications
  + analyzing whether the project was successful and effective
  + archiving project information for future use
* NWA had several reviews of the benefits of ResNet

## ResNet Audit

Several projects have a project audit. Audits can be done throughout the life of a project. The results here show the final ResNet audit.

* A formal audit was completed on December 10, 1996
* Two main questions addressed:
  + What benefits, in terms of selling and call handle time, have been realized by the Reservations Department as a result of ResNet
  + How do those real results compare with projected results in the PR2 plan?

## Audit Answers to Questions

## The Reservations Department has significantly increased selling as a result of management leadership, the market environment, and the opportunities provided by ResNet as a selling tool

## While increased selling, new hires, E-ticket sales, and other factors have increased Reservations' average call handle time for 1996, statistics support a handle time benefit from ResNet conversion

## Of the two items audited, the higher than expected increase in selling compensated for the shortfall in call handle time, resulting in a net gain of $0.8 million to Northwest Airlines in 1996 versus the PR-2 projections.

## Final Audit Report Results

## ResNet greatly surpassed expectation

## ResNet increased direct sales by 17.7% versus the planned 5.5%

## This increase in direct sales meant an additional $2.3 million in 1996 commission savings

## In its first year of operation, ResNet saved Northwest Airlines over $15 million, and savings were over $33 million in the second year.

## Lessons Learned

The ResNet team did not write their lessons learned. This information was gathered from interviews with Peeter, Arvid, and Kathy in order to write these chapters.

## Although the ResNet team did not write any formal lessons learned, Peeter, Kathy, and Arvid shared the following advice:

## Let workers have fun

## Beginnings are important

## Top management support is critical

## Managing change is 50% of project management

## Make management reviews interactive

## Set realistic milestone dates, and then stick to the schedule as much as possible

## Plan at a workable level