



Why can't we close? Recommendations for putting together an effective punch list program

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The Yankees have the all-time Hall of Fame closer; the Mets even have a closer - why can't the construction industry?

In these days of the high-end condo nothing is more frustrating to the owner and CM than the punch list. Why can't we finish? Here are some observations/recommendations for putting together an effective punch list program.

1. Consider the "closing"/punch list at the beginning of the job in the "buy" and contract period.
 - * The owner must consider the best way to "end" the project and establish a "turnover point." Many CMs/GCs all held to "substantial completion." What does that mean? It may be more prudent to identify a more definitive target like the TCO. Also, some trades are comfortable doing punch list and never want to leave.
 - * The owner may want to consider "subbing" out the punch list to a separate contractor under his control. There may be some collective bargaining and cost efficiency components to doing such.
 - * Ensure there is enough retainage percentage to complete the work and that there is a reason for the trade to return to finish. Nothing is more frustrating than a trade that determines it's not cost effective for them to go back given the value of what's left on the table. To some shortsighted trades reputation and relationships are not as important as the immediacy of the all-mighty dollar.
 - * Have enough "attic" stock of common punch list items.
2. The program must be controlled, coordinated and managed by a single entity.
 - * Once the "turnover" point is reached, the control of the unit should be through one entity. Anyone wishing to enter the unit to perform any work has to go through the "key" man. This will prevent non-authorized workmen entering a unit to do their work only to screw-up what the trade before them did.
 - * Don't cannibalize units; make sure you have attic stock. Cannibalization will only result in a catch-22.
 - * Have the design team on "red alert" to approve "fixes" for recurring punch list items which may be a result of recurring design issues. Ensure you have a punch list contractor that is innovative enough and has the architectural/engineering capability to suggest fixes.
 - * Avoid multiple punch lists - architects punch list, CM punch list, developer punch list, purchaser punch list - where does it begin and end? Upon reaching the "turnover point," there should be one coordinated punch list by the architect and the developer. This is the punch list that should be utilized to complete the work; the other punch list is that of the purchaser which will require a "finer" degree of finish and political acumen.
 - * Your "manpower" is sometimes better served by the "handyman" type of employee- someone who can be a DaVinci with a caulking gun. Sometimes a "composite punch list crew" of laborers,

carpenters, and painters is your best bet.

* Also, pick an entity that has the ability, management, and most important, the supervision to get the job done. That also must have an administrative capability to track data. You may want someone who is able to provide the "team" to deal with the buyer and their punch list during the walkthrough and signoffs and to take it to closing.

3. Establish an Effective Tracking Mechanism

* Tracking by punch list item, trade/contractor responsibility, material and hourly cost is imperative in order to establish potential back-charge mechanisms and per unit apartment punch-out cost. Basic jobs spreadsheets can be used and the establishment of an apartment unit ticket procedure/process must be implemented.

* Constantly review costs on a per-unit basis. History dictates that the initial per-unit costs are high because units go into punch list at less than 90% completion in the rush to bring units to the market. History also dictates through the process per-unit costs decrease drastically as units are turned over in a more ready fashion, punch list crews become more efficient and the trades realize that are going to be held accountable (financially) for uncompleted items.

The "close," whether it be baseball, sales, or construction completion, is a major component of any process. It must be planned and structured from the beginning. It must be budgeted for and communicated throughout the process to all team members.

Let's remember - No team has won a championship without a bull pen.

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