

Case Study: Expectation and Perspective in the Punch List Process

Carlye L. Cunningham
California Polytechnic State University
San Luis Obispo, California

The punch list process is a crucial phase of construction that is performed on every project. The punch list is a document generated near the end of the project that includes unfinished items and/or work that is not conforming to specifications or expectations. It requires immense coordination and communication between the owner, general contractor, and subcontractors in order for it to be executed efficiently. How the punch list is performed can be very instrumental or detrimental as all parties work together to close out the project. This paper will examine the punch list procedures that took place during the closeout of a 435-unit apartment complex. While the project overall was successful, the punch list and closeout phase encountered numerous challenges. This could have occurred as a result of lack of communication, schedule constraints, misaligned expectations, quality control challenges and/or site logistics. In order to understand where the punch list phase faced its major obstacles, this paper will analyze the project from each party's perspective to identify how this activity can be streamlined and more effective. As a result, this research will provide clarity on the subject and propose best practices going forward.

Key words: Punch List, Apartment Complex, Expectations, Organization, Quality Control

Introduction

For every structure that is ever built, a punch list will be created. Whether it is an office building, hospital, new home or large-scale apartment complex, a punch list will be executed as an industry standard. The process takes place when minor deficiencies remain such as touch-up paint, repairing damaged work, or tagging missing appliance installations. Typically, once the subcontractors have completed their sequence of work, the general contractor will walk the space and identify items that need to be addressed before the client signs off. The list of punch items is distributed to the appropriate subcontractors to complete before the owner does a final walk through. If the punch list is complete and the owner approves, the closeout phase is a success; however, that is rarely the case and can be a very difficult phase of construction to complete. The punch list component of a project is crucial, it is “one of the final interactions a construction team has with a client and solidifies the client’s impression of a general contractor” (Horne 2017). This is a unique phase of construction, holding much significance and importance to all groups involved as everyone works together to close out a project they have invested in for months or even years.



Figure 1 – Common Punch List Examples

Significance of the Punch List Process

Time and money are at the forefront of all construction projects and greatly impacts everyone who participates. The closeout phase brings both of these considerations to fruition. If this process does not run smoothly and delays the schedule, not only is the owner losing time to generate revenue, but it can also “lead to less negotiated contracts, which can mean less future work – and less profit – for a contractor” (Rogers 2012). Poor closeout practices have the ability to tarnish potential work as well as prevent “both general contractors and subcontractors from preparing to start work on their next project” (Horne 2017). This can be extremely frustrating for those impacted. Because the end of the project is in sight, the closeout and punch list phase can typically cause people to slack on their current work, prioritizing their upcoming projects.

Furthermore, delays in this area impact all companies financially and relationally. The owner selects the general contractor and the general contractor selects the subcontractors, trusting they have the ability to successfully uphold their contracts and deliver a quality product. A Director of Quality Assurance puts it this way, “a client often views punch list items as the contractor’s failure to do their job” (Horne 2017). However, if conducted strategically, it has the potential to enhance the relationships and can distinguish a company from others. Therefore, from a financial and relational standpoint, the punch list is a powerful process that needs to be handled intentionally and with high importance. It ensures that a good product is being delivered to the client with minimal issues and concerns.

Challenges with the Punch List Process

Turning over a facility to the end client and transitioning from Substantial Completion to Final Completion should be easily accomplished; however, in most instances this is simply not the case. Performing punch walks on a project is a tedious process and can be very challenging. A study on this topic found that although “the amount of work left to perform after Substantial Completion is a small portion of the overall work (usually 1% of the contract value), completing the punch list often takes a disproportionately long period of time” (Rogers 2012). This tends to be the case because it takes time to go back and evaluate the work performed, ensuring it aligns with plans/specifications and the owner’s expectations. In return, the general contractor places emphasis on completing this in a timely manner, but because of this push, the quality of work can be compromised. Everyone involved needs to understand the “importance of doing it right the first time” because no one likes “rework and it increases worker exposure” (Rajendran 2012). There needs to be a balance of conducting work in a timely manner while maintaining superior work and organization.

Other challenges that contribute to the punch list procedures are the amount of people on the job and various relationships formed. There is typically one owner and one general contractor on a project; however, there can be 20-30 general contractors employed on a single project trying to coordinate work at the same time. Some of them have never worked together so sequencing work and fluid coordination can be problematic. Subcontractors often act “autonomously to assure the smooth execution of their project obligations” which is reasonable considering each project is unique and there is no standard way to execute punch list procedures (Hinza 1994). The general contractor acts as a liaison between the owner and subcontractors; this can be a tough position and impede the punch list due to the fact that each entity performs this phase in a different manner and with varying perspectives/approaches. There is a lot of pressure put on turning over a facility. Managing time, money and different relationships can be challenging to overcome but will be crucial to the project’s success.

Communication during the Punch List Process

It is evident that the construction industry is relationship/people oriented. From the beginning to the end, consistent communication and expectations need to be established that are to be upheld throughout the project. Construction projects, specifically the closeout portion, are “undertaken in a dynamic social system, nothing is particularly stable for very long, and uncertainty and interdependence are constant factors” (Emmitt 2007). Projects are constantly evolving and unforeseen conditions will always arise. Therefore, a key factor to place high priority on is the communication between the general contractor, owner, and subcontractors. Based on industry research, it has been consistently concluded that if “errors from early stages have to be solved later,” these “adjustments in latter stages of the building process usually costs extra money” which is extremely applicable to the punch list process (Hoezen 2006). Improved communication leads to less delays and lower expenses while strengthening relationships. Factors

that contribute to this is the “stakeholders’ ability to empathize with the other parties’ involved” because they all have different agendas and perspectives on how to navigate their punch list duties (Hoezen 2006). Subcontractors are going to have a completely different thought processes than an owner but if general standards are set early on, everyone will be on the same page and can easily meet objectives.

It is essential that project teams place emphasis on “sharing values with the aim of establishing some common project values” (Emmitt 2007). A solid foundation that is maintained throughout construction from conception and design to punch list/closeout will lead to a smooth project. There are many things on a jobsite that cannot be controlled; however, communication tactics between each party can be controlled. A multitude of factors such as unforeseen conditions, communication hurdles, and navigating as a team will be important considerations for all punch list experiences.

Methodology

The methodology for this case study will primarily be qualitative based. I took the fieldwork approach and conducted exploratory research through a case study on a 435-unit apartment complex. Results were found based on personal experience on the job in addition to various interviews from key figures on the project. I interviewed a member(s) from the owner entity, general contractor, and subcontractors and asked each of them questions that paralleled each other, just slightly altered to pertain to their field of expertise. With this information, I categorized the data into each party’s responses and formed conclusions based on similar perspectives, different perspectives and general improvements for best practices. This information will not only be beneficial to companies involved on this project, but will address common problems people experience on various construction projects.

The objectives of this case study are as follows:

- To report what the main challenge of the 435-unit apartment project punch list process was.
- To highlight where any disconnects occurred across parties.
- To provide suggestions on how each party could have improved/will improve going forward.
- To provide best practices that could be applicable to all projects.

Case Study

The apartment complex, located in Southern California, was a successful project as a whole. It is known for its luxurious units and amenities, superior to competing apartment complexes. The entities involved are extremely successful companies that are respected by the industry. The owner is a company that was founded in 1969 and has established themselves over the years, now worth over \$2 billion. They own and operate over 6,000 apartment complexes, making them one of the most successful developers in the area. The general contractor was established in 1959 and has built quality, diverse projects since. They provide a variety of services and have built approximately 12 apartment complexes across Southern California. The subcontractors were all experienced in their trades and have been hired by the general contractor in past projects, having established good relationships in the industry. All groups working on this project are reputable companies in the area and therefore are known to execute and deliver successful projects.

Project Specifics

The project is a 435-unit apartment complex in a desirable location near major freeways, toll roads, shopping centers and recreational spaces, making it an ideal spot for residences. The units range from 567 SF to 1,433 SF with prices ranging \$1,694 to \$6,960 per month, making it a high-end complex. The construction itself is a Type V wrap, four story building with a Type IB parking garage at the core. This project has been recognized in various ways, one of which being the Gold Best in America Living Award (BALA) by the National Association of Home Builders. Though this project was recognized for its accomplishments in the industry, it faced challenges in the closeout/punch list process that hindered it from timely completion.



Figure 2 – Case Study Apartment Complex

Punch List on this Project

As a whole, the project was difficult to navigate due to the site logistics. There were varying levels within each floor, the room numbers did not match those on the plans, and unforeseen conditions altered how work was conducted. Because of these obstacles, units were not getting finished within the time and quality anticipated. The subcontractors were essentially rushed to get through the units and would therefore not meet the expectations nor complete all punch list items. All parties would have to go back through the units multiple times, addressing consistent problems that created inefficiencies. It was evident that quality expectations were not consistent across the various teams, as the owner, general contractor and subcontractors all had different outlooks on the situation at hand. Eventually, meetings were held, various schedules were made and a list of reoccurring punch list items were distributed to the subcontractors to try and alleviate this problem.

Results and Discussion

The following information was gathered through interviews from the owner, general contractor and subcontractors involved on the project. Both similarities and differences were found in the responses, which provided valuable insight into how the process went for each party. They all mentioned expectations, organization, and time as the main contributors to the punch list issues experienced, though they were all impacted by these factors in different ways.

Expectations & Standards

In regards to expectations, the results were unanimous. All parties firmly believed the expectations were not aligned throughout the project. Starting with the owner, they admitted that they were looking for a very luxurious finish, which is not typical for a 400+ unit apartment complex. They were asking for a high-end look with low-end materials making it nearly impossible to meet expectations. From the general contractor perspective, they confirmed the owner wanted the product absolutely perfect, which was extremely difficult to achieve given the project type. A large contributing factor was that according to the contractor, expectations kept shifting internally and externally. This creates confusion and unclear direction for the subcontractor, resulting in inconsistent work. From the subcontractor's standpoint, it was evident that the owner and general contractor were looking for different things as the quality checklists they were given kept changing. There was no standard precedent established which created a great disconnect across parties and within own teams.

Organization & Consistency

In addition to expectations and standards being inconsistent, the jobsite itself and punch list execution was inconsistent. When asked how to describe the punch list on this project, again, answers were similar. The owner expressed that the project was out of sync and the phasing of constructed units hindered efficient punch walks. In addition, they mentioned that having a number of different people working the process did not make it consistent. The general contractor also expressed their concerns, which aligned with the owner. From their perspective, there were unforeseen conditions, such as delays from PG&E for gas and electric turn-ons, as well as a new punch team internally and externally that was limiting their success. The owner reported having 3-5 people working on punch and the general contractor reported having 2-5 at one time; however, one Project Engineer reported that there were +/- 10 people through the course of the project that conducted punch walks. The amount of people managing punch lists/walks was problematic because each individual had different execution practices and standards throughout.

This directly influenced the subcontractor's organization and consistency as well. There was not a fluid course of work and they had a hard time operating under the general contractor's parameters. They expressed that they were given inconsistent durations to complete their work; sometimes they were given 5 days to complete punch items and sometimes they were given 1 day. As a result of inconsistent management and the unforeseen site conditions, the project teams involved struggled to navigate the punch list phase of this project.

Time & Quality

Another reoccurring topic when evaluating interview responses was the time crunch that compromised quality. Each person emphasized that schedule constraints played a key role in this phase and created a vicious cycle. From the owner's standpoint, they wanted the units extremely fast and put that pressure on the general contractor, which they admitted was driving the whole problem. In an attempt to turn over the units quickly to abide by the owner's expectations, the general contractor team was directed to punch 10 units a day no matter what. A Project Engineer reported that they would punch units without flooring or appliances just to meet that 10 unit a day goal. This created extreme inefficiency and ended up costing more time. The time variable impacted the subcontractors significantly. From their perspective, they felt extremely rushed and were not given adequate time to go through each unit and deliver a decent product. Each party would punch walk the same units 3-4 times because the quality of work decreased as the push to get through the units increased. It was evident that time and quality was closely related and should have been re-evaluated early on in the project.

Analysis

After assessing the interviews and understanding each person's viewpoint, there are various conclusions drawn. It is clear that everyone experienced the project in a different way considering their roles in the process. Regarding all variables, expectations, organization, and time, improvements can be made to enhance this process on future projects.

Set Standards Early

This concept was a reoccurring suggestion for improvement. Every survey participant suggested that the owner and general contractor set realistic expectations early, being proactive rather than reactive. This could mean having a meeting with the owner, general contractor, and key subcontractors where they walk through a few units together to establish what is acceptable and what is not. From there, they can document the list of acceptable and unacceptable items. Having upper management outline this early in the process would address any repeating punch items that the subs were lacking in. This will require transparency and trust across all parties and will/would have saved significant time and money on this project.

Stay Consistent

The greatest improvement suggestion from both the general contractors and sub contractors for the owner was for the owner to stay consistent. It was difficult for the general contractor to work with the owner because every walk was different. For instance, one owner's rep would shine a flashlight on a wall to view paint imperfections and another would stand five feet away to view paint imperfections. In order to fix this going forward, there needs to be the same team working on punch throughout. If the same people are going through the facility, they will be working as a unit at an efficient rate. This is confirmed to be successful because for the amenities on this project, there was the same general contractor representative and the same owner representative walking together and it very well. Keeping consistent with the same team/number of people, the same punch list guidelines, and the same expectations on the walks will be extremely beneficial for the industry.

Do Not Rush The Process

Time impacted all parties involved, specifically the subcontractors. The suggestions for them, from both the owner and the general contractor, were to be given more time and resources. A pivotal step into improving punch lists are to allow the subcontractors adequate time to perform their own Quality Control checks in order to eliminate unnecessarily long list of punch list items. Long list items occurred on the apartment complex as a result of the

subcontractors being rushed through units, not being able to thoroughly check their work prior to contractor involvement. For all projects regarding punch, a punch walk schedule/look ahead should be given to all parties so they are on the same page of when/where the next punch will be conducted. Within this schedule should be specific time set aside that will ensure subcontractors are able to perform their own QC before the general contractor walks the units. In general, project teams must slow down the punch list process, evaluate and make adjustments instead of pushing an ineffective plan that will compromise quality in the end.

Conclusion

Everyone begins a project with good intentions and guidelines in place. As time progresses, the project can get hectic and the teams can lose sight of agreements established in the beginning. The apartment complex is an example of this occurring. Based on the provided information and analysis, there are key practices that should be implemented when performing punch lists on construction projects:

1. Walk the space with management from all parties to establish an outline of standards.
2. Establish the same team/number of people and a set duration of days to address punch list items that will remain consistent throughout the closeout phase.
3. Do not push the schedule; slow down the processes, re-evaluate, and stay true to the schedule as best as possible.
4. Have a bigger perspective and operate as a team, working toward a common goal.

These guiding principals are simple yet effective. Every person interviewed had a different experience on this project but they all had the same suggestions for improvement. Naturally, each party will emphasize these variables differently but they all build off of one another. As stated previously, the punch list leaves a lasting impression and can harm or help a companies' reputation. It greatly affects money and relationships, which are crucial in this industry. All projects are unique, but every project needs an effective punch list and this research can aid in that success.

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