



## **Zero Punch List: Is it really possible?**

By Shawn McCadden CR, CLC

Part Two of a Two-Part Article

### **Make the Punchlist Go Away!**

In last month's article we explored why the punch list happens as well as the problems encountered trying to complete the punch list. With that information as a reference point, this article is intended to provide options to consider for reducing the use of a punch list, or for that matter eliminating the punch list entirely. The overall theme will be to manage and document expectations, both yours and the client's. By doing so, design/build can become a way of doing business, not just another service to offer clients.

### **Key Factors for Eliminating the Punch List**

The use of accurate and detailed specifications is often the best place to start. Take the time upfront to clarify, qualify and limit what your company is promising to the client. Also, be sure to include or refer to the specifications as part of your contract with the client. Next, require and empower your team to do everything right the first time, from paperwork to final jobsite cleanup and everything in between. If something does get missed or a mistake does happen, fix it ASAP. Don't fall into the trap of leaving it for the punch list. Complete and correct things as you go and ask for the client's approval as you go. If your client sees that you deal with their project in this way, typically they will be less concerned about looking for loose ends at the end of the project. As a natural consequence of these practices, they will become comfortable talking to you about their concerns because they know you have a process in place handle them. I also suggest that you document and collect payment for all change orders at the time of acceptance by the client. This will help prevent their sudden surprise at the accumulated change order costs at final billing, which just so happens to occur at about the same time as most punch lists.

### **Other Ways to Control the Punch List Saga**

By developing, documenting and then using standard procedures within your business system, you can control and manage the relationship with your client as well as the way you deliver the project. For example, many companies hold pre-construction and pre-completion meetings with clients. The pre-construction meeting includes confirmation of: the plans and specification; normal working hours; payment terms; methods of communication; change order policies and how to review work as it is completed. The purpose of the pre-construction meeting is to address any and all items requiring clarification and confirmation before the project gets underway.

The pre-completion meeting is used to manage the "wrap-up" of the project. This meeting includes a review of the contractor's list of items to be corrected or completed. At this time the client is asked for their items that need addressing which are added to the final list. It is also wise to include a summary financial statement and a copy of the final invoice at this meeting which provides the client the opportunity to confirm or correct the accounting of the project.

Both meetings benefit from the use of standardized forms. To avoid the use of the words "punch list", name your pre-completion meeting form the "Pre-Completion Quality Control Checklist".



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This title alone should help improve the meeting atmosphere. Fill out the forms as much as you can before any meetings and add any additional details or agreements during the meetings as appropriate. If designed with an end result in mind, each form can: be used as an agenda for the meeting; help to avoid missing anything that should be discussed, and will provide a place for both the contractor and client to sign and document their understanding of the meeting results.

To eliminate the never ending punch list, consider using the following language on your pre-completion form; *“Final project balance due on completion of the above listed items is (\$ balance due), see attached statement for project history. It is agreed that when the above list of items is completed, approval for final payment will be authorized. Any omitted or defective items noted after final payment will be covered by Builders Warranty.”* Do not forget to get the client to sign both forms.

### **Some final thoughts that may help...**

First, consider the familiar theory of “under-promise and over-deliver.” Exceeding your client’s expectations is far more rewarding than trying to justify why you may have fallen short. Don’t offer or commit to solutions or promises you cannot uphold. Let the client know what is at risk, agree on any contingency plans and then document what you both have agreed to. Refer to the final payment/warranty policy at contract signing and at the pre-construction meeting. Continuously remind your client about the process *during* the process. Make the second to last progress payment due *before* the completion of items required for use of the project (*e.g.* - collect the money before installing appliances on a kitchen renovation). Try to keep final payment amounts as low as possible.

You make the choice to either “fly blind” or use the pre-construction meeting in the beginning. Likewise, at the end of the project you can either use the dreaded punch list or the client approved pre-completion quality control checklist.

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