



The Kelly Design Group
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What is Real Value Engineering?

A Structural Engineer's Point of View

We've all heard the buzzword, "Value Engineering," but what is it really? Let me set the stage. A great deal on a piece of land has been struck by one of your best. Your proforma studies come back with just the right expectations, but the profit margins aren't there yet. You competitively bid everything you can think of and still you're not there – now what? Well, you could give up or typically one might turn to their design team to trim some fat, some of that over design, lumpy kind of fat that some call Value Engineering.

Real Value Engineering starts long before. Real Value Engineering is a way of doing business. A mindset. The process must start early on in the design phase driven primarily by the Builder. The Builder must take a proactive approach and be intimately involved with the development of the construction documents. The Builder should challenge design professionals and subcontractors to work together to reduce costs. Team meetings should be held to review and implement cost saving ideas. Summary reports should than be prepared to identify cost savings. With the numbers clearly identified, a Builder can choose where to spend those dollars saved. Often, dollars saved on construc-

tion materials or methods can be used to enhance finish materials or other areas that directly increase sales.

Real Value Engineering saves the Builder money due to less material and lower labor costs, and saves money throughout the life of the project by saving time. How often have you been nearly finished with a neighborhood only to discover that maybe not all of those foundations needed to be that stout? That your competition is saving money because your drawings specify grades of lumber that is more costly than they need be? That your floors and roofs could have been framed differently to save time and material? That perhaps less plywood, hardware, beams, or inspections could have been required to attain the same structural integrity?

Unfortunately, many builders are under the false impression that their design professionals are looking out for their best interest when related to cost effective design. Often in a fast paced market, if the Builder doesn't ask the right questions, he doesn't get the right answers. A Builder really doesn't need to know all the answers, simply challenge all parties involved—architects, engineers, and subcontractors; change their way of thinking. This way of doing business can consistently produce high quality,

highly marketable cost effective projects. Today's homebuyer is better educated and has higher expectations. Costs for lumber, water fees, and infrastructure only continue to rise. Real Value Engineering saves Real Money. **NVB**

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John K. Kelly holds a Bachelor of Science degree in the field of Structural Engineering from the University of California at San Diego. In his 15 years of experience he has designed and engineered commercial, industrial and residential projects. Kelly has managed the development of projects for top builders such as KB Home, Greystone Homes, Centex Homes and others. In 2001 Kelly's work in the growth-driven Las Vegas market compelled him to open his own company. His commitment to quality, service and attention to detail has garnered him top clients like DR Horton Homes and Richmond American Homes. The Kelly Design Group (KDG, L.L.C.) strives to create cost-effective building solutions for today's homebuyers.

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