



Value Engineering: The Great Balancing Act

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Exceeding the construction budget is every project owner's worst nightmare. But merely cutting costs too often results in a project of low quality. So, what is an owner with too many wants and too few dollars to do?

Value Engineering (VE) is one common alternative. VE balances costs with function. The true goal of value engineering is to obtain the essential functions of a project at the lowest total costs (capital, staffing, energy, maintenance) over the life of the project. Simply put, VE seeks the highest function for the lowest cost. Components with low function and high cost will be the first components changed by VE.

Value Engineers have established procedures to achieve these goals. The process starts with a systematic investigation conducted by a trained team. The team is comprised of professionals from various disciplines within the construction field. The team first works to obtain a deep understanding of the owner's objectives and goals. Next the team brainstorms ideas to achieve these goals at a lesser cost. Importantly this cost can be either a lesser initial cost or a lesser cost over the life of the item. The team evaluates these ideas. Impractical ideas are quickly weeded out, and ideas that represent the greatest potential for cost savings and greater function are further developed into workable solutions.

This process can occur at any point throughout the life of a project – before, during, or after design. While VE can be used to “save” a project already in the construction phase, the owner will not obtain the same cost savings. The earlier an owner employs VE, the more benefits the owner reaps. For example, in addition to cost savings, VE provides a second sets of eyes on the design. This ensures that all reasonable alternatives have been explored. It also makes sure that no costs have been underestimated. Although VE provides an additional upfront cost to the owner, a wise owner with a tight budget will evaluate whether its project could benefit from this tool. In the long run, VE can pay for itself both in cost savings and value improvement.