

BLACH INDUSTRY INSIGHT

USING TARGET VALUE DESIGN AT
PALO ALTO MEDICAL FOUNDATION
LOS ALTOS SURGICAL CENTER



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TOPIC

Understanding
Target Value Design



BLACH INDUSTRY INSIGHT

Virtual Design & Construction (VDC) was used to fit this surgery center into a compact building design as well as for prefabrication, preparation, schedule planning and site logistics.

ABOUT THIS PROJECT Palo Alto Medical Foundation, Los Altos Surgical Center

Blach is building a 9,000 s.f., two-story surgery center for Palo Alto Medical Foundation (PAMF), which is managed directly by Sutter Health. The ground-up building will include a surgery center, exam rooms and doctors' offices. The design of this state-of-the-art facility has been crafted to look and feel like a mountain retreat to blend with the local architecture of the adjacent businesses and residences.

WHAT IS TARGET VALUE DESIGN?

Target Value Design, part of integrated project delivery (IPD) and a relatively new trend in healthcare construction, is a management approach that drives the design process to deliver the greatest value to the client and develops the project within corresponding goals and constraints. Rather than designing first and estimating later, Target Value Design (TVD) establishes the estimated cost of a project as the starting point.

TVD helps design and construction teams focus on delivering maximum value to clients within a project's constraints. Cost is typically the influencing client value, but time, location and other conditions also must be met in order to achieve all TVD objectives.

The adoption of this approach requires a fundamental shift in one's overall approach to construction because TVD works within "target costs," not "expected costs." Target cost is an effective management technique that has been used by the manufacturing industry for decades. The adoption of this technique by the construction industry provides many benefits as it ensures the certainty of project delivery in terms of cost, time and quality.



Team working collaboratively on pull scheduling

TVD requires that the client determine a maximum allowable cost. Based on this benchmark, a target cost is set below the project's threshold. The goal is to challenge the entire project team (client, design professional and general contractor) to increase innovation during the design and construction process. The resulting efforts create a more collaborative process and design/construction solutions to maximize value.

TVD has altered the traditional approach to construction by shifting the practice of design professionals working separately with clients to understand their needs at the outset of the project to an integrated design/construction team that produces a final design and real cost that delivers client goals, combining the expertise and practical understanding of a contractor. Consequently, design and engineering revision delays resulting from budget constraints, common in the traditional design-bid-build model, are eliminated.

HOW & WHY BLACH IS USING TVD AT PAMF?

- 1. TVD WORKS:** Implementation of TVD consistently results in projects delivered within the constraints set by the client. Projects have been delivered faster (when requested by the client) and under budget, both against market benchmarks as well as project targets. As a result, when used properly, TVD delivers more value to the client in multiple forms, while also facilitating continuous improvement.
- 2. CLIENT VALUE IS INCREASED:** TVD strives to deliver value to the client. Whether cost, schedule, or other constraints, the purpose is to deliver what the client values.
- 3. DESIGN AND CONSTRUCTION PHASES ARE MORE EFFICIENT:** More efficient design and construction phases translate into better designed and more cost-effective projects. The design professional is able to spend time creating functional designs that are informed by the budget, avoiding reworking a completed design to meet new price limitations. Contractors can focus on delivering high-quality facilities in a timely manner, avoiding a last-minute rush when too little time is left for construction.
- 4. MORE COST-EFFECTIVE PROJECTS:** TVD eliminates the process of bidding work after the design is complete, which often results in endless change orders before the real final cost is determined at the conclusion of the project. TVD also enables the client to have control over the total cost of the project from start to finish. Finally, TVD enables clients greater certainty of budget and schedule.