

Lean Construction Institute
Immersive Education Program

Target Value Delivery – Mod. 2

Setting the Stage for Success

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October 24, 2023



Presenter Highlights



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Ryan
Little

LCI Course:
Target Value Delivery Module 2:
Setting the Stage for Success
4 CEU

Sign the sign-in sheet for credit



**Approved
Continuing
Education**

TVD Modules

Module 1: Learning the Fundamentals

- Gain insight into how implementing TVD approaches improves project outcomes through an overview of the phases and key components of TVD.

Module 2: Setting the Stage for Success

- Discover how creating early alignment and understanding of the owner's Business Case, Value Statements and Conditions of Satisfaction will lead to successful outcomes and how these foundations become the anchor for future decisions.

Module 3: Organizing for Flow and Efficiency

- Discover how teams can be challenged with maintaining effective processes and engagement through creating a cross-functional work cluster organization as a highly effective means of driving innovation and productivity through concurrent work.

Module 4: Modeling for Predictable Outcomes

- Experience a framework for predictive cost modeling, target setting and rapid innovation capture in collaborative TVD environments.

Learning Objectives



Discover the importance of a strong business case to the success of Target Value Delivery



Gain basic skills to be able to start aligning the business case with the owner and the team through customer Value Statements and measurable Conditions of Satisfaction.



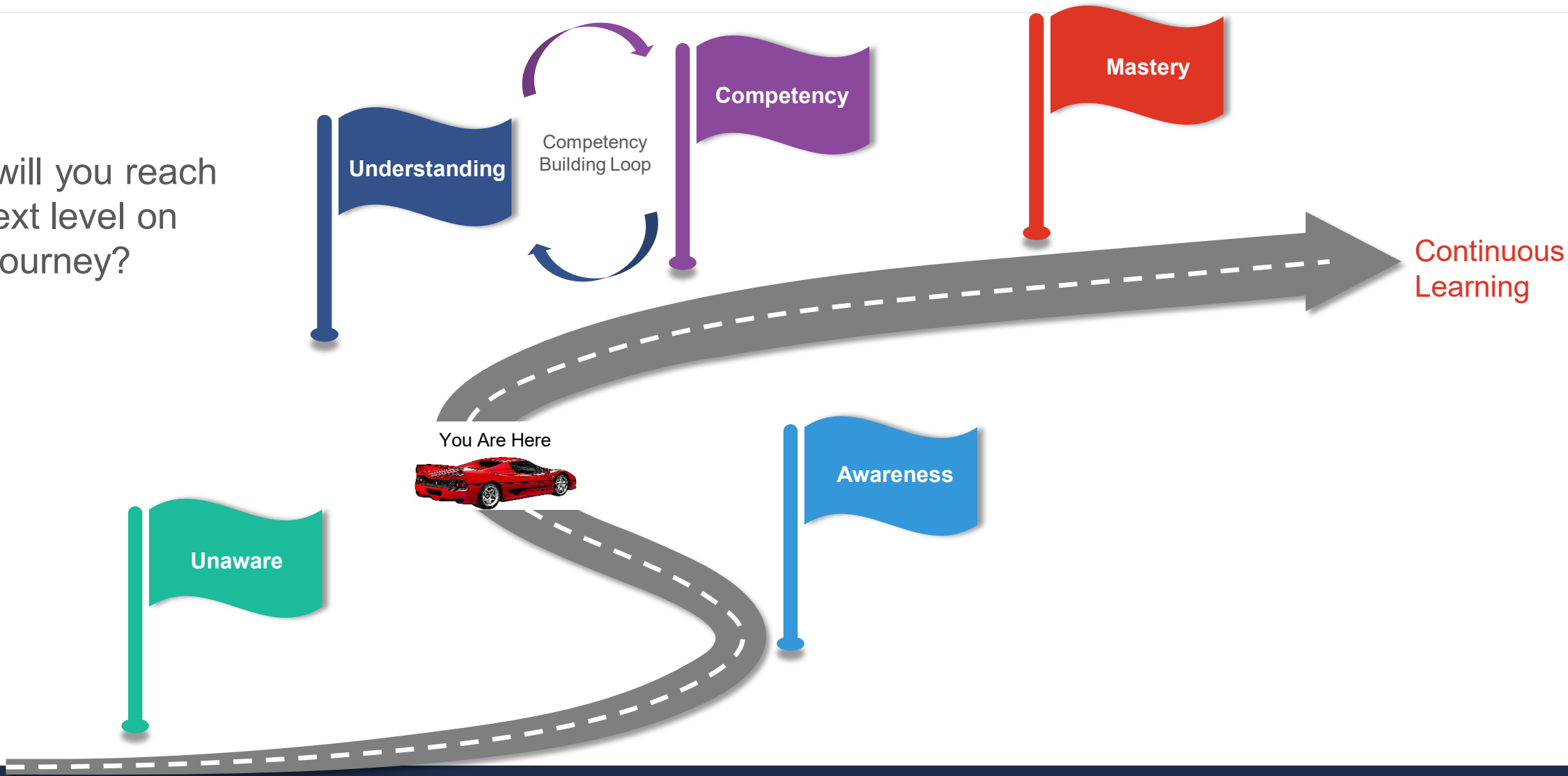
Discover the connection between the Business Case, owner Value Statements and Conditions of Satisfaction, and team alignment.



Identify various ways to develop a high performing team rapidly through interviewing, onboarding, and operational alignment.

Lean Journey to Mastery

How will you reach the next level on your journey?



Rules of Engagement



This is a safe zone



Use E.L.M.O.



Everyone has equal status



Silence phones



Speak up and share your ideas



Be focused and engaged



Actively listen to others



Stay on time



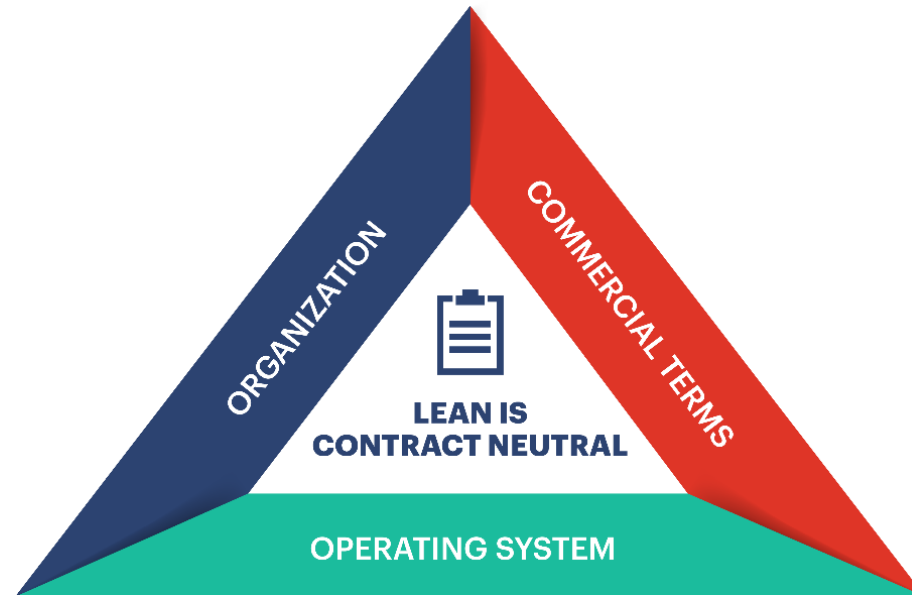
One conversation at a time



Have fun!

Project Elements

Lean teams organize in a structure that leads to improved coordination, outcomes and shared leadership.



Lean can be implemented regardless of commercial terms: Design-Bid-Build, Design-Build or Integrated Project Delivery. The degree of implementation varies with the terms.

A Lean Operating System is a organized implementation of Lean Principles and Tools combined to allow a team to operate in unison to create flow.

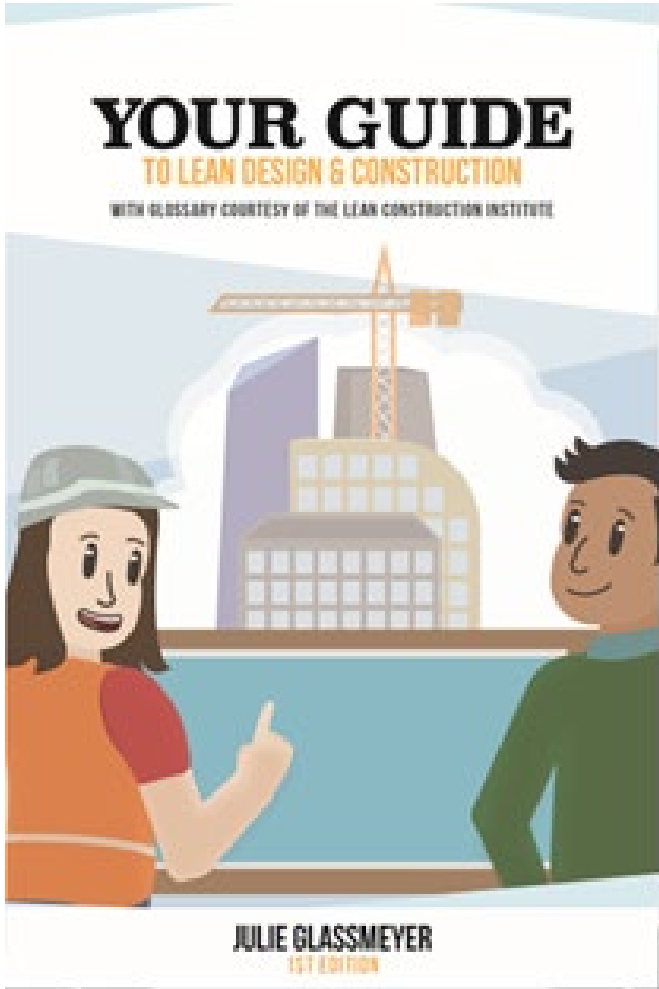
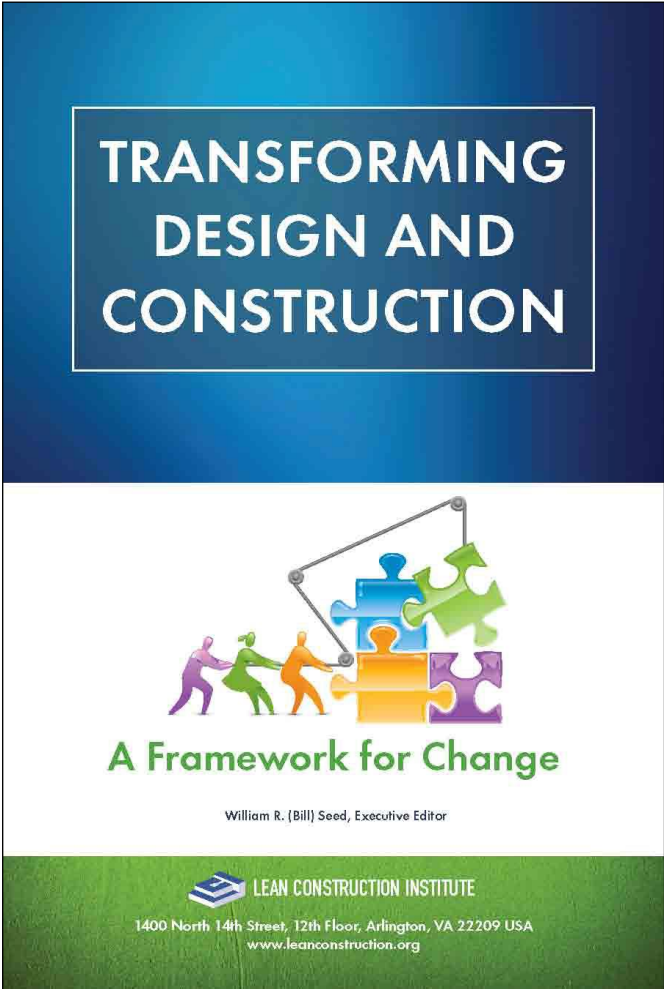
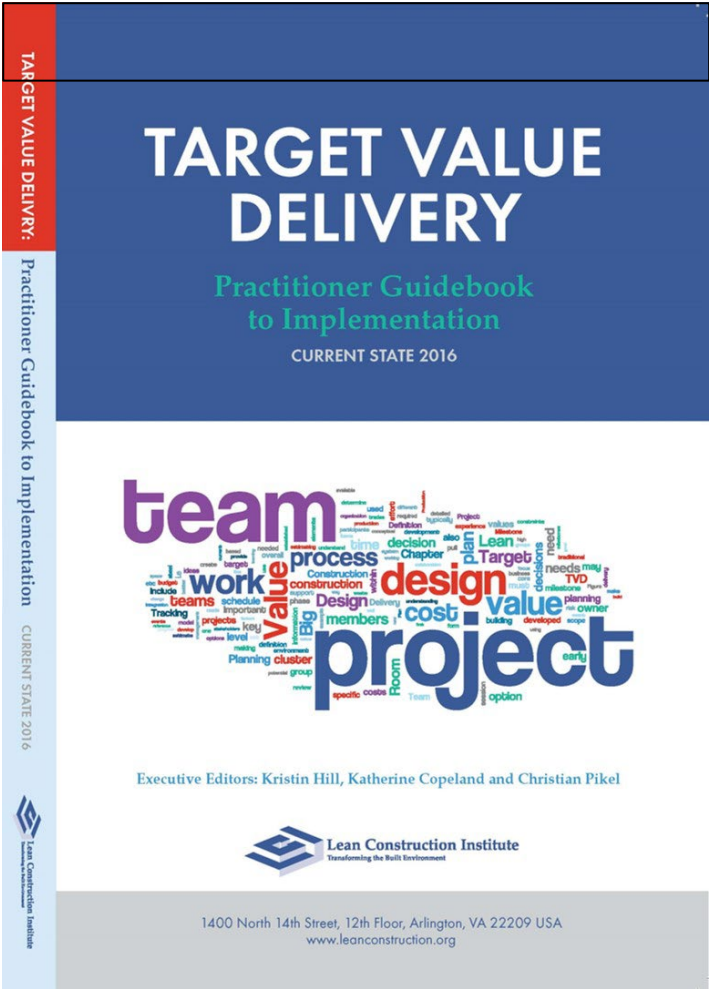


Six Tenets of Lean Construction

- 1 Respect for people
- 2 Optimize the Whole
- 3 Generate Value
- 4 Eliminate Waste
- 5 Focus on Flow
- 6 Continuous Improvement



References



Setting the Stage for Success

1:00-1:30	Welcome & Introductions
1:30-2:50	Business Case Planning-What, Why, How
2:50-3:05	Break
3:00-4:00	Partner Selection
4:00-5:00	Planning for Success and Closeout



Introduction / Ice Breaker

- Introduction: Who you are? What is your role in the industry?
- What do you want to gain from this workshop?



10 MINUTES TABLE DISCUSSION
5 MINUTES REPORT OUT



Target Value Delivery is...



Last Planner System

Culture

Value Definitions

Early Stakeholder
Involvement

Last Responsible
Moment

Schedule

Choosing by
Advantages (CBA)

VDC/BIM

Partner
Selection
by Value

Set-Based
Design

A3 Problem
Solving

Big Room

Retrospectives
& Learning

Risk
Mitigation

Work Clusters

Validation &
Business Case

Cost
transparency

Team
Health

Conditions of
Satisfaction

Onboarding

Shared savings

Production Planning

Leadership
development

Co-Location

Constraints

Team
Building

Early Stakeholder
Involvement

Scope

Conceptual Estimating

Prefabrication planning
& execution

Target Value Delivery Overview



Target Value Delivery (TVD) Overview

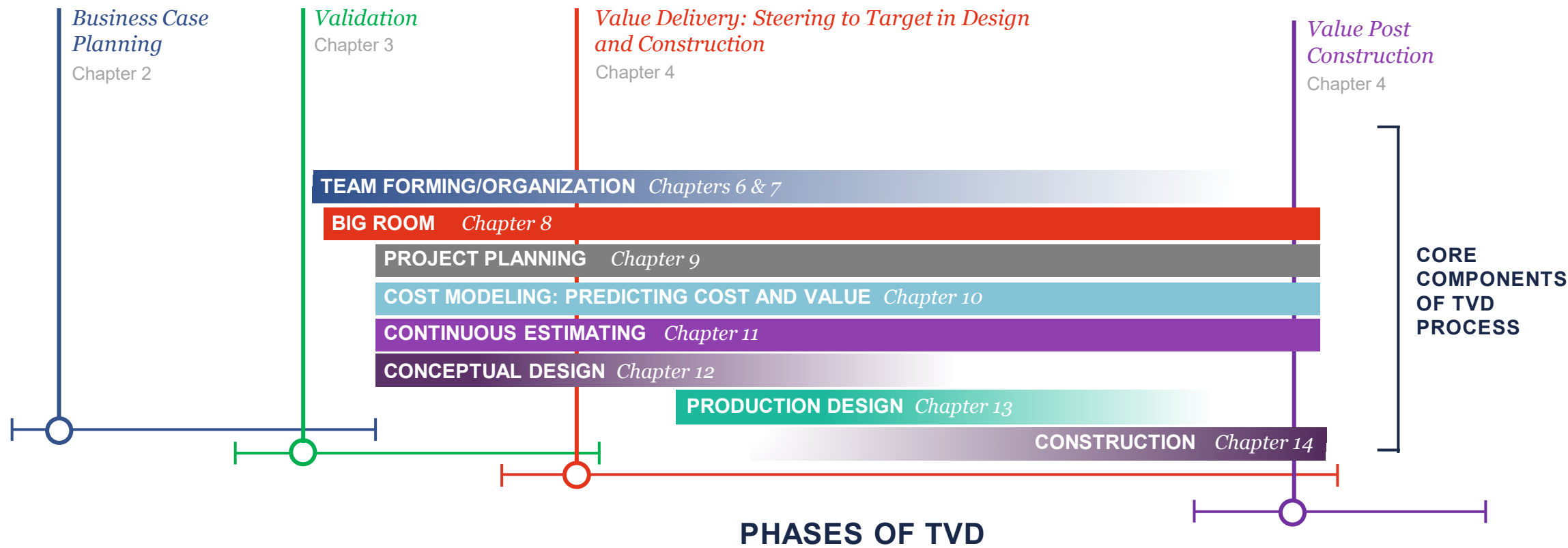
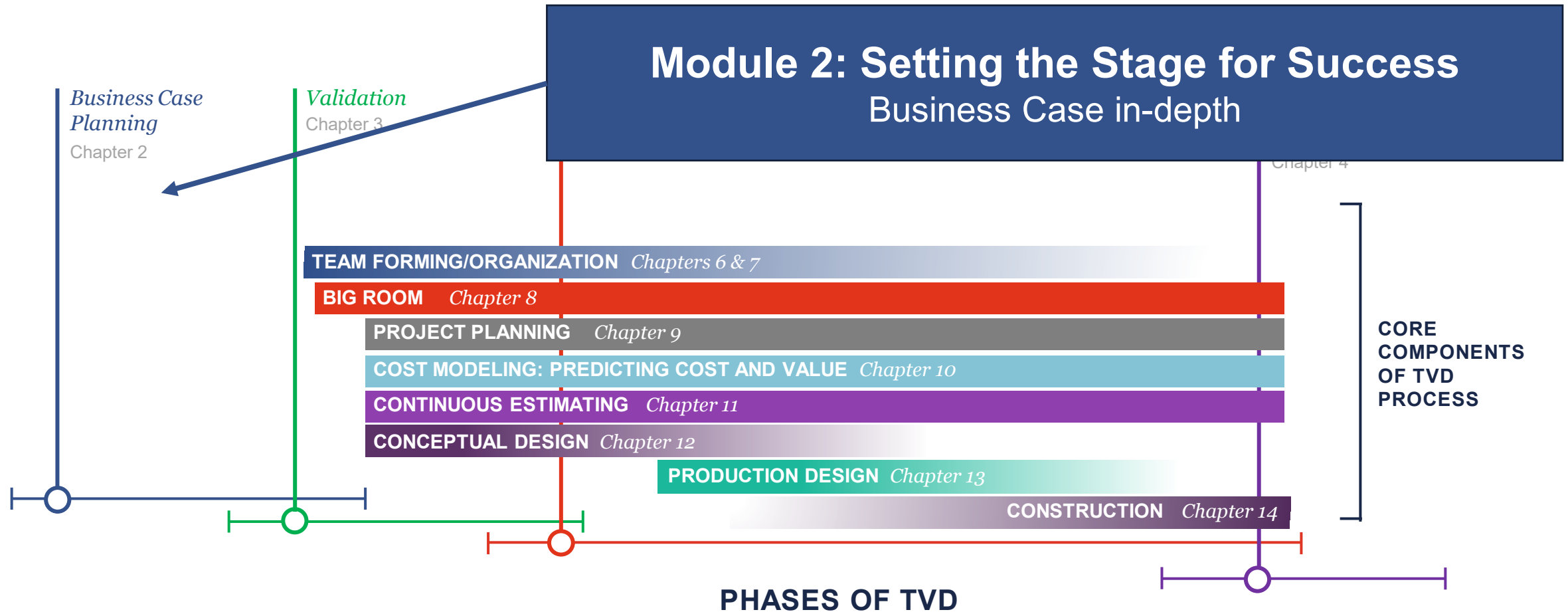


Image courtesy of InsideOut Consulting & Southland Industries

Target Value Delivery (TVD) Overview



Target Value Delivery (TVD)

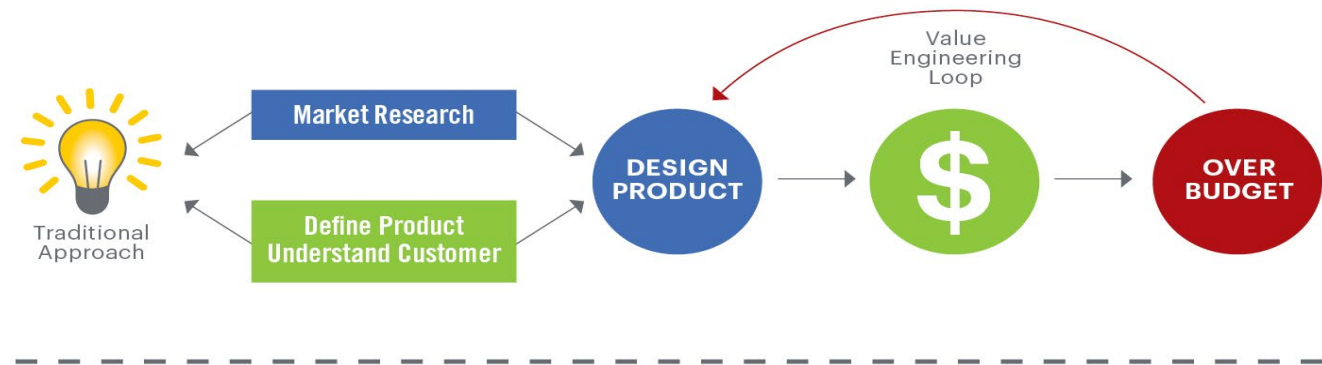
A disciplined management practice to be used throughout the project to ensure:

- The facility meets the operational and performance *needs and values* of the users.
- The project is delivered within the *allowable budget, schedule, and intended scope*.
- That *innovation* is promoted throughout the process to *increase value* and eliminate waste.

Traditional vs. Target Value Delivery

The goal of TVD is to minimize the waste produced by the design, estimate and redesign cycle(s) of the traditional value engineering approach.

Cost is an *output* of design



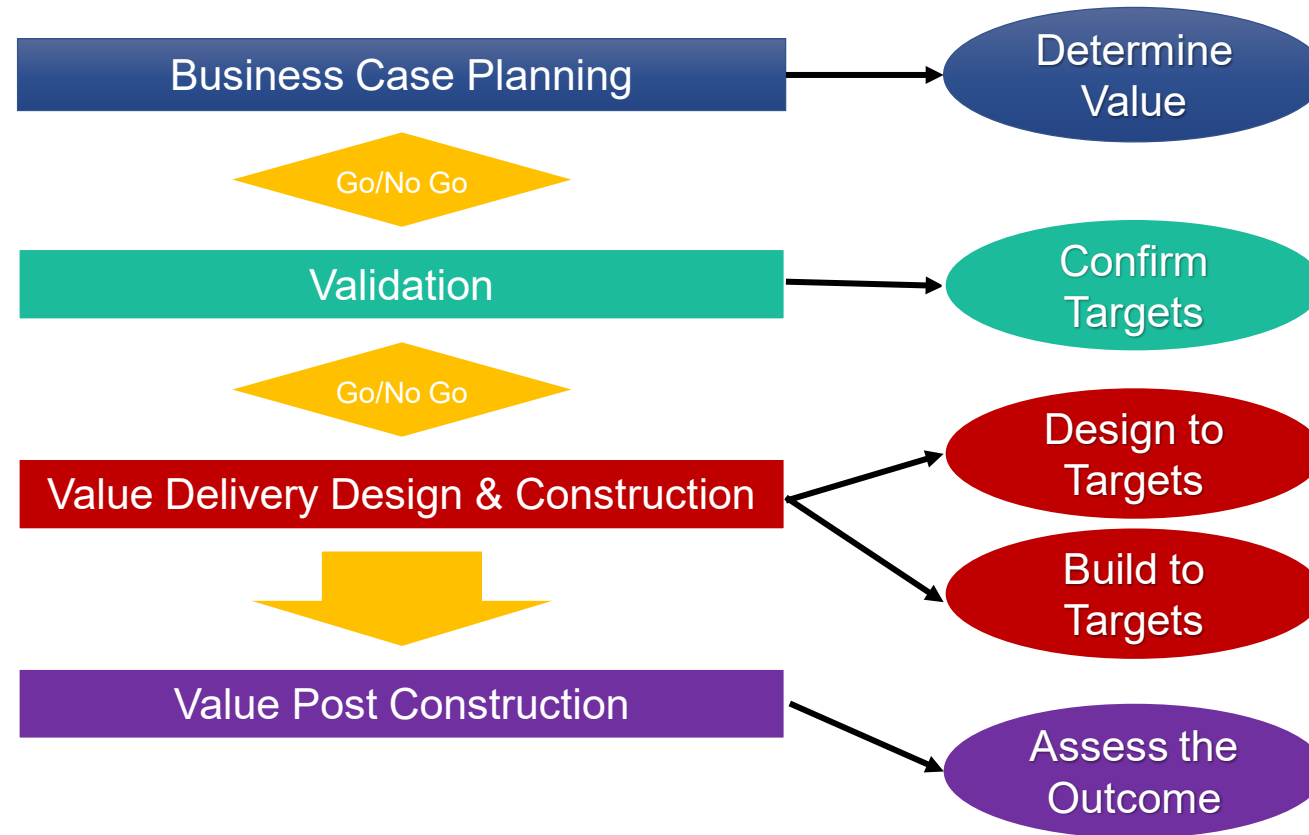
Cost is an *input* of design

Business Case & Value Definition Statement



TVD Phases Overview

Target Value Delivery Phases



Business Case Planning Phase

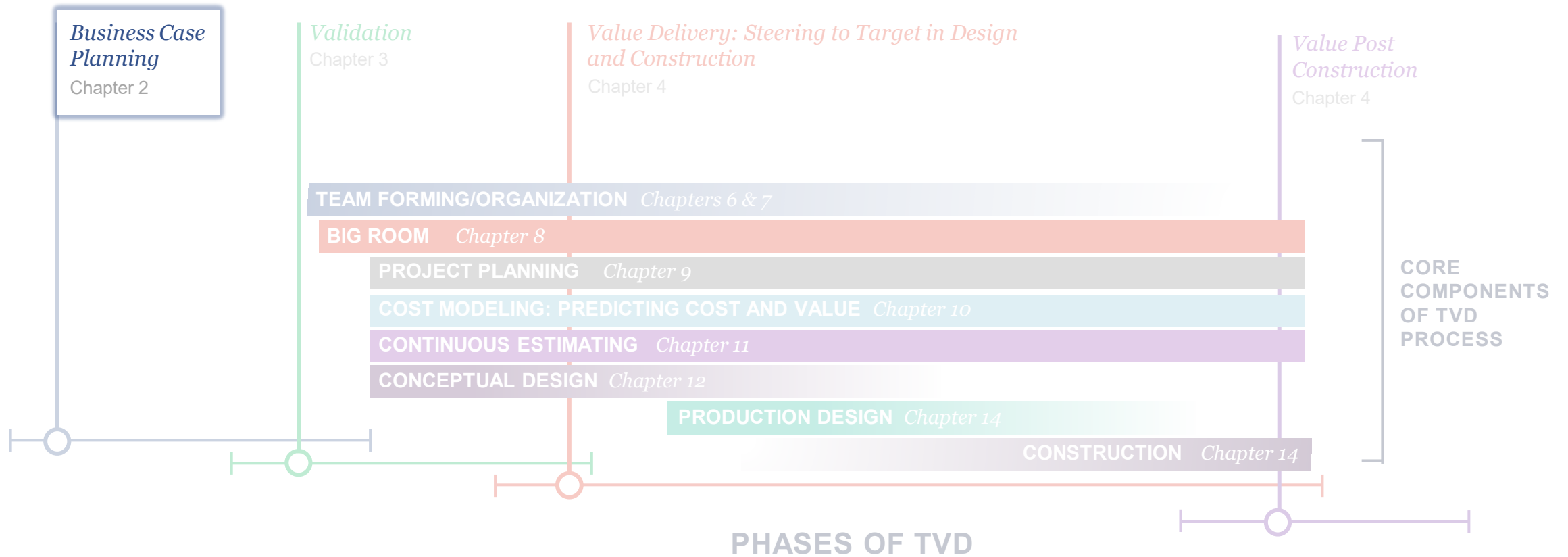


Image courtesy of InsideOut Consulting & Southland Industries

Business Case Phase

- The operational use/benefit proposition described by the owner that initiates the development of the project.
- The owner-provided purpose or “why” that becomes the anchor of the project.
- Sets the ***Allowable Cost***.
- Includes ***Value Definition Statements*** by the owner for the project.

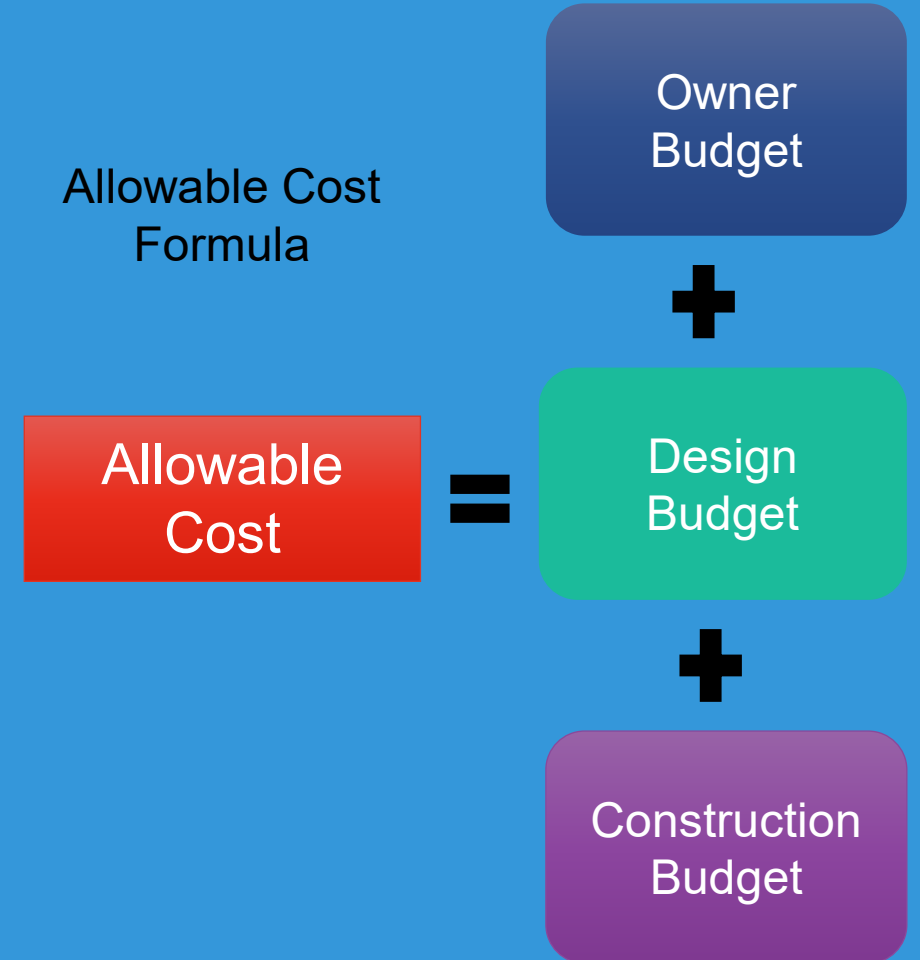
Framing the Business Case

Could we build **X** thing for **\$Y** and have it by **Z** date?

- Could we open a replacement hospital in Castro Valley, CA for \$300 million by early 2027?
- Could we find a way to increase overall visitor count by X% for a capital expenditure of \$1 billion by 2030?

Allowable Cost:

- The absolute maximum project cost based on the *Business Case*.
- Should include all costs associated with delivering the project.
- It becomes the subject of the *Validation Phase*.



TVD Cost Terminology

Allowable Cost



The amount the owner
is willing to spend for
the total project.

**Business Case
Planning Phase**

Value is NOT \$\$\$\$

How do you determine you've received a good VALUE in goods and services?

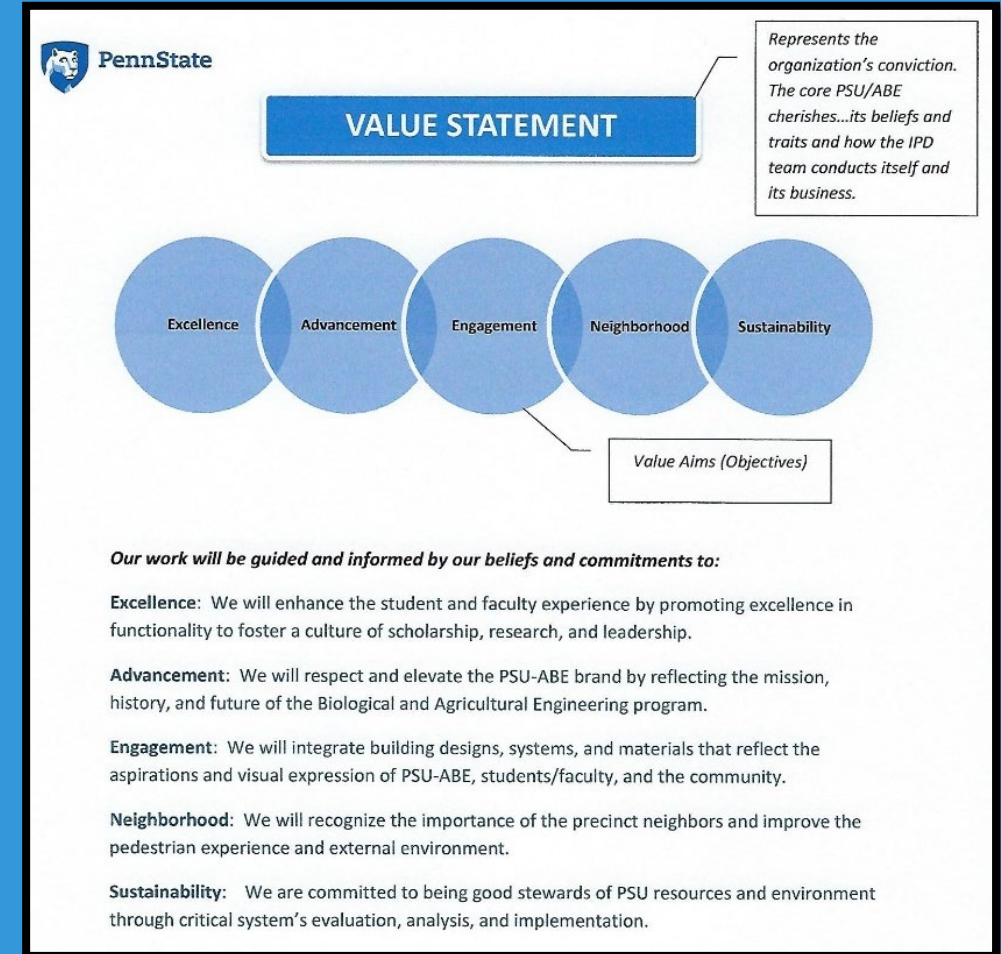
Is the customer willing to pay (time, money, energy & effort) for it?

PRICE
IS WHAT YOU PAY
VALUE
IS WHAT YOU GET

WARREN BUFFETT

Value Definition Statements

- Define what the customer wants from the process.
- Are composed of high level statements that describe expected outcomes, or “value” that the project will deliver.
- Should not be ranked or weighted.
- Should include all stakeholder input.



Examples

Business Objective

Can we:

Design & Build a state-of-the-art facility

that will increase our throughput by 3%

for a capital spend of \$250M

by 01/10/2027



Value Statements

- Applying passion and commitment to cure cancer.
- Leading the way in the industry through innovation.
- We do what we say and stay accountable to the community, our stakeholders and our teammates.

Project Club House

- LCI has decided to partner with a national non-profit to build a clubhouse that will be donated to a local elementary school.
- We have committed to building (1) Play/Learn Clubhouse this year utilizing lean principles with our LCI members.
- They have identified an elementary school (Pre-k thru 2nd grade, kids aged 4-8 years old) in an underserved community as the recipient of the clubhouse.
- LCI has raised \$55,000.00 to go towards the clubhouse
- The LCI would like to cover the material and labor cost of building the clubhouse and be able to completely furnish it. It would be nice to provide playsets such as a kitchen playset, etc. if savings allow



Value Statements

- Review the project business case and organizational values provided.
- Brainstorm value definitions based on the information provided
- 1-3 Value definition(s)
- Report out:
 - What did the team experience in brainstorming values?
 - Was everyone aligned? Why or why not?

Each Table –
10 Mins for discussion
10 Mins for report out

Project Clubhouse Value Statements

- Prioritize decisions that prioritize the well-being and educational needs of students and the local community, emphasizing the development of personal and learning skills to reduce educational disparities and bolster exceptional teaching.
- Forge purpose-driven relationships founded on unwavering respect and integrity, fostering a harmonious environment for students, staff, and neighboring communities.
- Leverage industry resources, cutting-edge technology, and modern tools to deliver the highest standards of quality and safety, ultimately enhancing the students' exposure to and experience of the educational environment.

Conditions of Satisfaction (CoS):

- Are developed by the team informed by the *Value Definition Statements*.
- Measurable (Qualitative or Quantitative) statements that inform a project team about which tests a project must pass to be accepted as a success.
- Inform the decision-making process of the team.
- Are developed by the team, including the owner.



CONDITIONS OF SATISFACTION

- 1 IMPROVE THE PATIENT SATISFACTION SURVEY SCORE BY 5%.
- 2 IMPROVE THE AVERAGE DOOR TO DISCHARGE TIME BY 30 MINUTES.
- 3 DECREASE THE NUMBER OF FALLS FOR THE EMERGENCY DEPARTMENT BY 5%.
- 4 UTILIZE THE LAST PLANNER SYSTEM TO TRACK AND MANAGE CONSTRAINTS WITH A 75% OR GREATER PPC.
- 5 BIM COORDINATION TO BE DONE THROUGH CONSTRUCTION DOCUMENT DEVELOPMENT.
- 6 EXCELLENCE IN SAFETY: 95% EXCELLENT RATINGS AND ZERO LOST TIME INCIDENTS.
- 7 EXCELLENCE IN HOUSEKEEPING: 90% EXCELLENT RATING OR HIGHER.
- 8 INNOVATION BY PREFABRICATION
- 9 ALL TEAM MEMBERS WILL GO THROUGH ONBOARDING.

Examples



Courtesy of CRB

Project: Clubhouse



What could Conditions of Satisfaction for Project:
Clubhouse focus on?

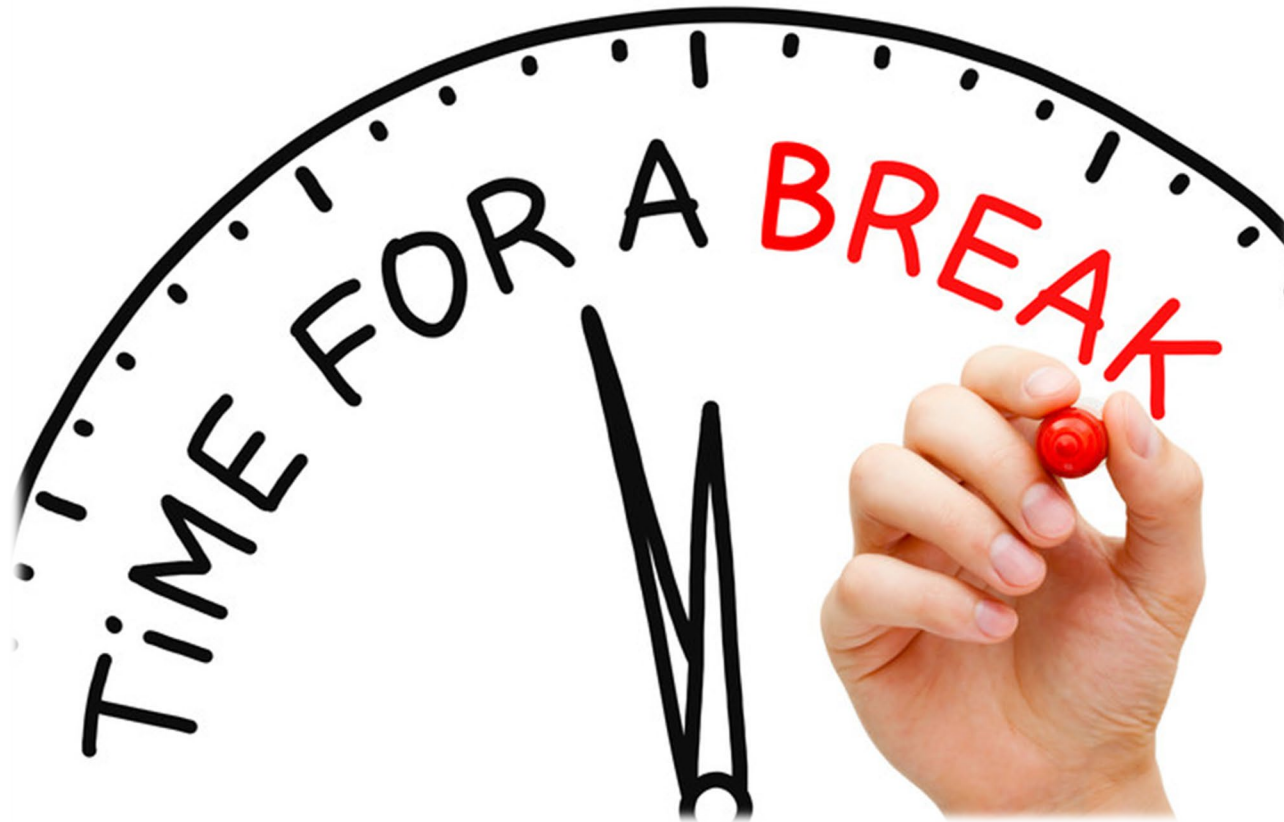
Conditions of Satisfaction

- Finishes and furnishing are safe, durable and promote child well-being in a nurturing learning environment.
- Project savings from the design and construction of the project allow value add elements identified with teacher input on curriculum needs for explorative play and development.
- Full Target Value Delivery and Last Planner System are utilized in alignment with LCI standards.
- The project team enjoys working together, hold each other accountable and empower each other to remove wastes.
- Involve the community in the planning and construction through communication and volunteering opportunities.

Business Case Phase



What has your experience been and how is it different than what we just did?



10 MINUTES

Building Your Team – Selecting Team Members



Team Forming/Organization

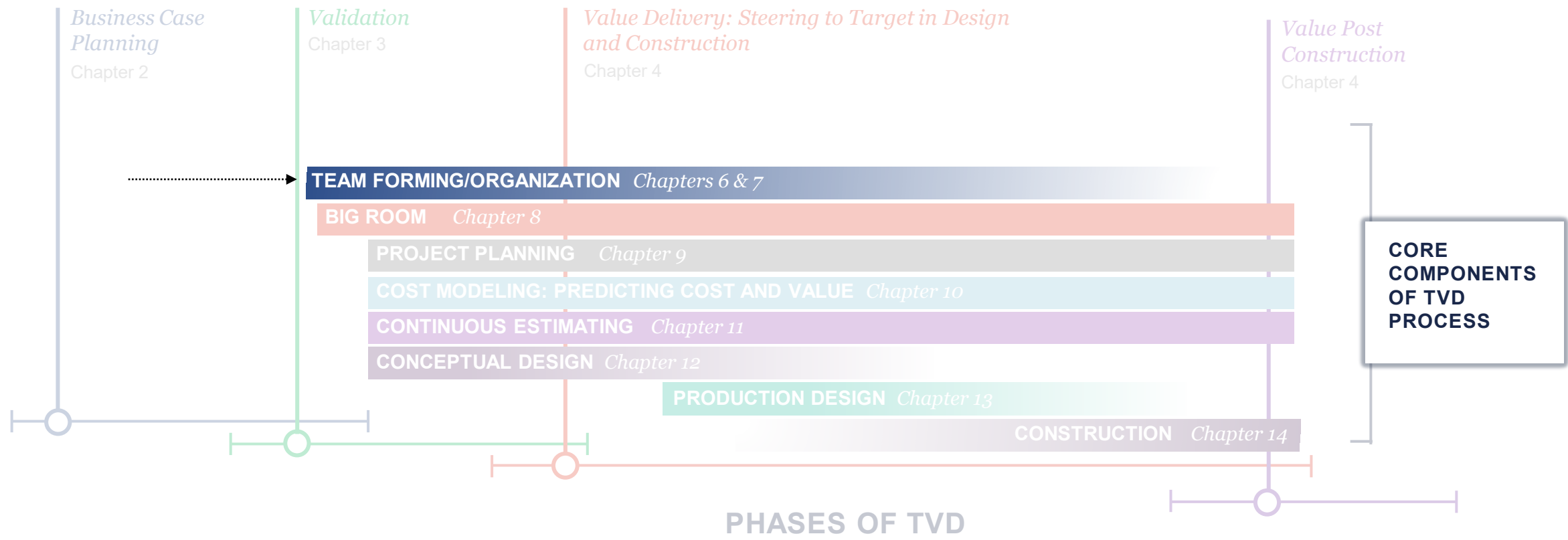
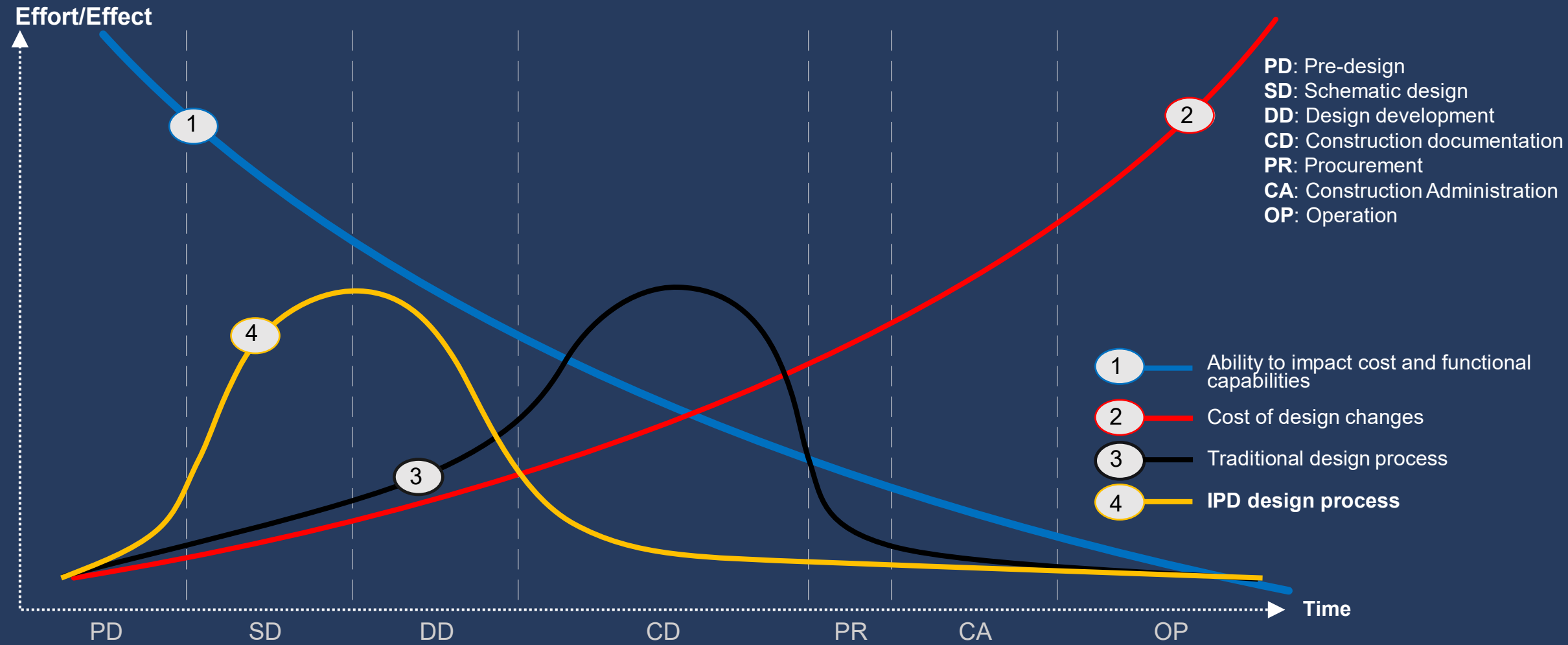


Image courtesy of InsideOut Consulting & Southland Industries

Early Team Involvement



Graphic courtesy of Patrick MacLeamy AIA / HOK



Characteristics of High Performing Teams

- 1 A high performing team is built on a strong foundation of trust among all members.
- 2 There is a culture of respect that enables members to effectively deliver against CoS.
- 3 High performing teams break down barriers through innovation and continuous improvement
- 4 They break down traditional silos to maximize skills and optimize performance.



Interviewing & Selecting the Right Partners

- 1 Different team selection strategies
- 2 Characteristics to look for in partners
- 3 Analyzing partner options

CHOOSING BY ADVANTAGES DECISION MAKING

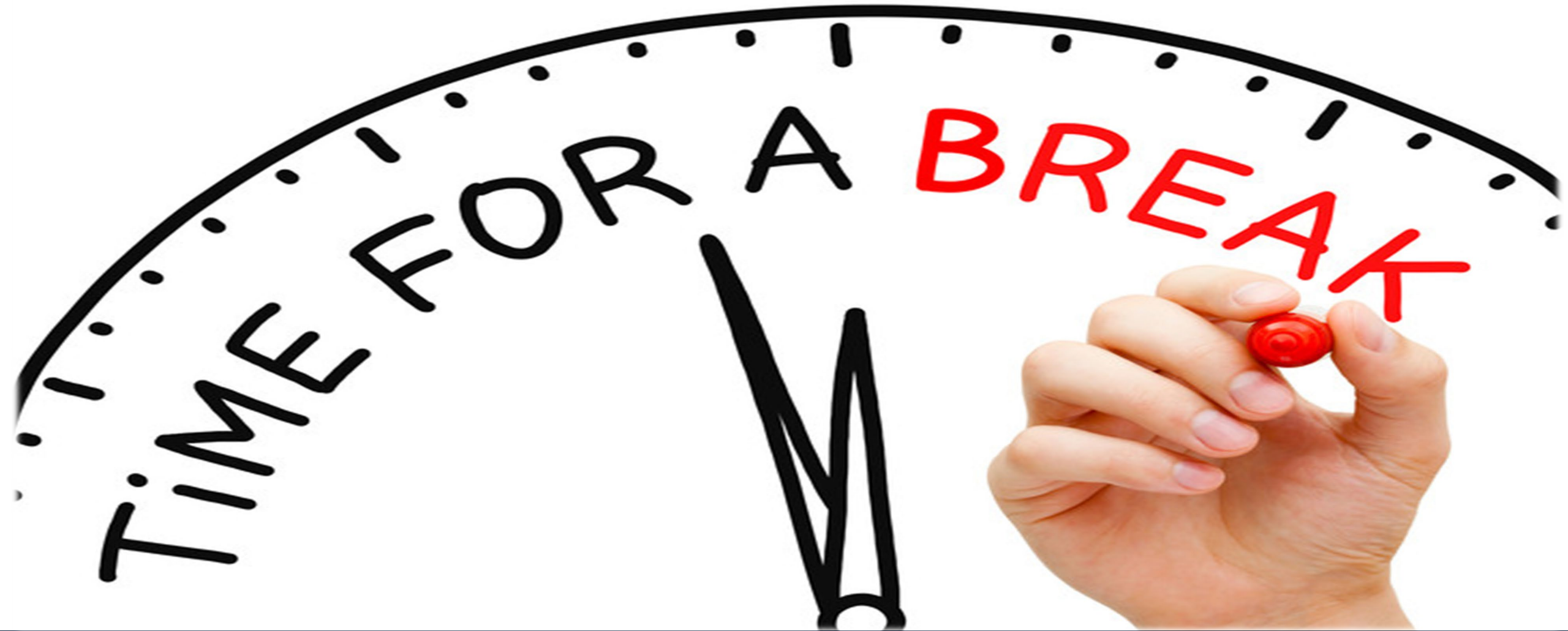
Mechanical Trade Partner CBA

Decision	Alternatives											
Which mechanical contractor will provide the best value for the project needs.												
		MP1		MP2								
Factor 1C: Team - Big Room												
Criteria: Prefer a team with prior Big Room experience.	Attribute:	(3) Project Big Rooms		(1) Project with Big Room								
	Advantage:											
Factor 1D: Team- Location												
Criteria: At least 80% of the project team is local and available in person.	Attribute:	100% of the team										
	Advantage:											
Factor 2A: Lean Tools: Last Planner System Use												
Criteria: Has engaged and used Last Planner System in a project setting on more than (1) project	Attribute:											
	Advantage:											
Factor 3: Project Delivery												
Criteria: Experience with integrated project delivery (IPD) or similar approaches on at least (1) project.	Attribute:											
	Advantage:											

Team Member Expectations

- How do we expect the partner to engage with the team:
 - Culturally
 - Problem Solving
 - Collaboration
 - Innovation
 - Growth Mindset
- What capabilities and skillsets do we expect the trade partner to bring?
 - VDC/BIM
 - Estimating
 - Planning
 - Constructability

10 Minutes



Partner Interview

- Prepare your team for our live interview.
 - 1) How would you apply Lean Principles & Tools to this project?
 - 2) Describe the leadership distribution for the team you would recommend?
 - 3) What suggestions do you have for specific incentives for the project shared risk and reward pool?
- Each team will assess the other teams by scoring them 1-5 (1 being not value add and 5 being Best Value add) and comments.
 - Focus on Best Value to the project and the team
- Report out



6 minutes to prep
1 minute per question to
answer

- A different person must answer each question
 - (highlight your team)
- Group tally and decide best value team

Building the Team



What should a TVD project/team kick-off include?

Early Planning for Success

- 1 Big Room / Work Cluster organization, schedule, and agenda
- 2 Continuous On-boarding Plan
- 3 Project Milestone Plan
- 4 Retrospective Schedule & Mitigation Commitment

Big Room is:

Big Room refers to a project approach of bringing key individuals together to:

- Collaborate, plan, update, solicit resources, invite feedback, demonstrate accountability, and schedule events in order to:
 - Speed communication and decision-making.
 - Reduce siloed thinking or approaches.
 - Compare the project's current state to the published goals or Conditions of Satisfaction.

Big Room is:

Big Room is a commitment to a project, the team and to working together!



Wrap-up



Target Value Delivery (TVD) Overview

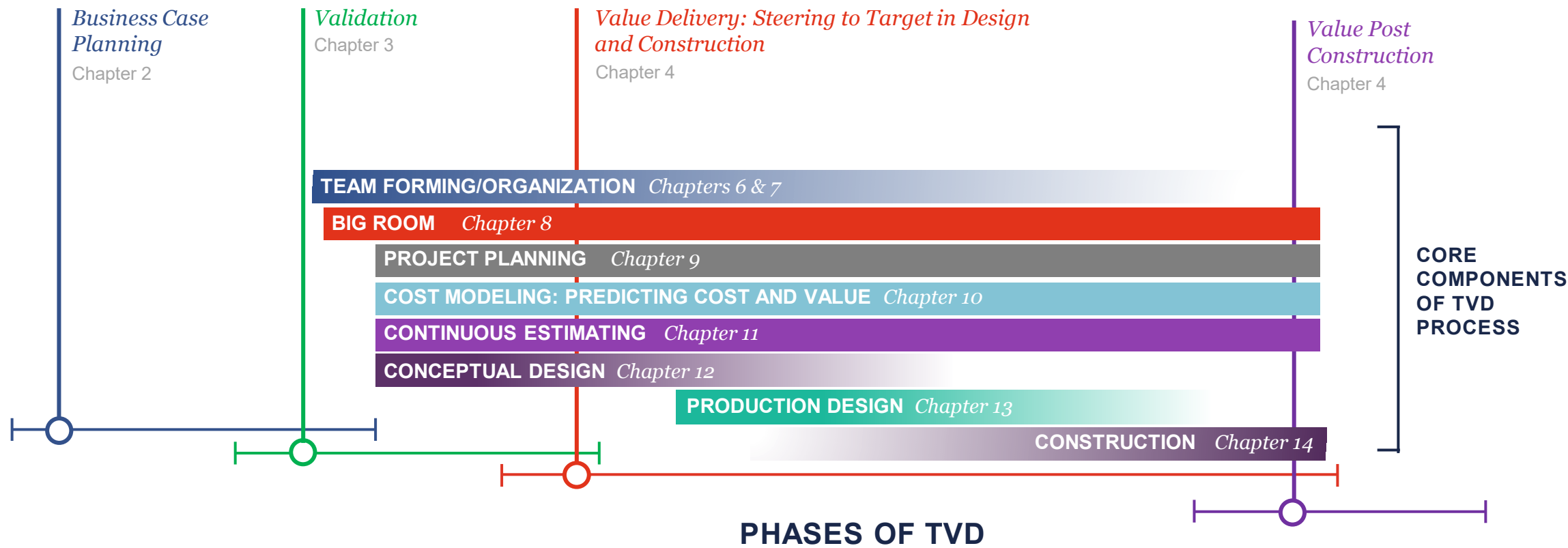


Image courtesy of InsideOut Consulting & Southland Industries

Discussion Question

What new actions or ideas that you learned today can you take back to your project?

Learning Objectives



Discover the importance of a strong business case to the success of Target Value Delivery



Gain basic skills to be able to start aligning the business case with the owner and the team through customer Value Statements and measurable Conditions of Satisfaction.



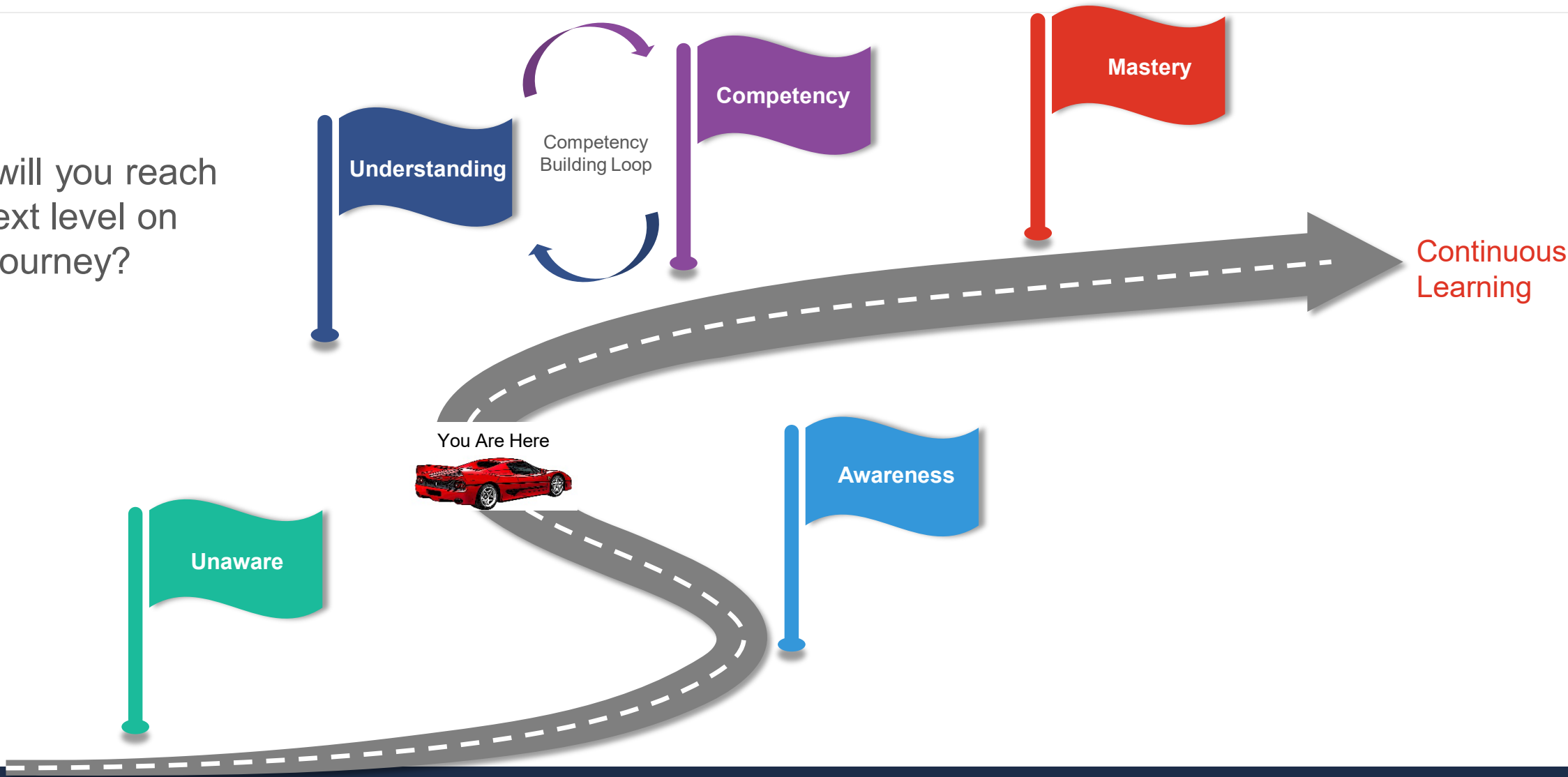
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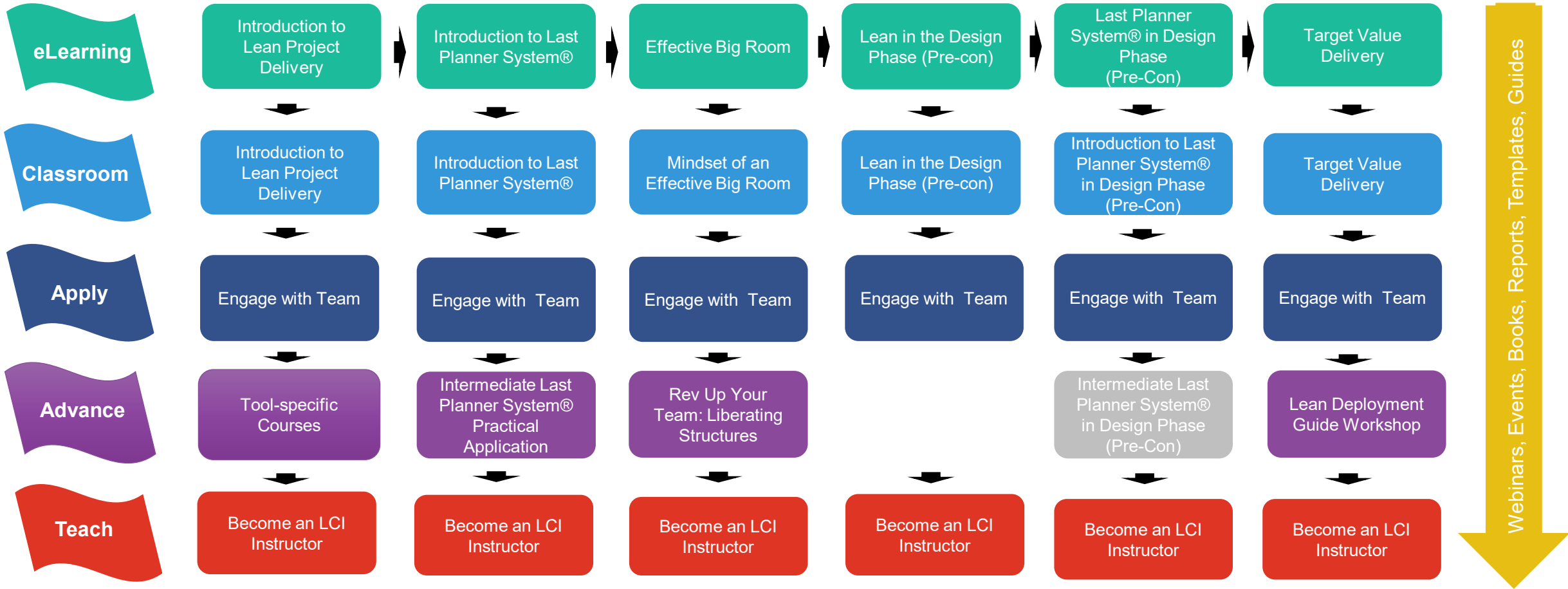
Identify various ways to develop a high performing team rapidly through interviewing, onboarding, and operational alignment.

Lean Journey to Mastery

How will you reach the next level on your journey?

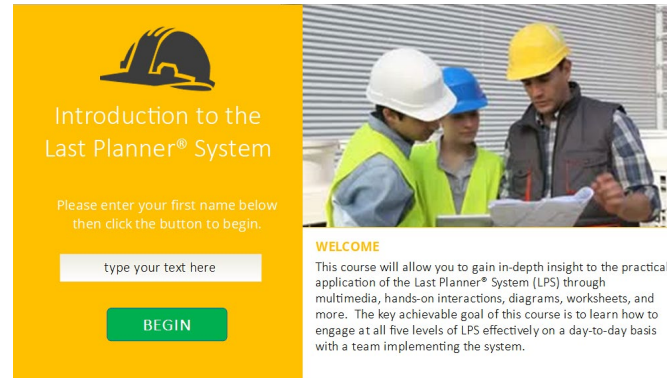


Define Your Journey



eLearning Courses

- Introduction to the Last Planner System®
- Introduction to Lean Project Delivery
- Lean in the Design Phase
- Effective Big Room
- Target Value Delivery
- Last Planner System® in Design



Questions?





Conduct Plus/Delta



Plus: What produced *value* during the session?



Delta: What could we *change to improve* the process or outcome?

Presenter Contact Information

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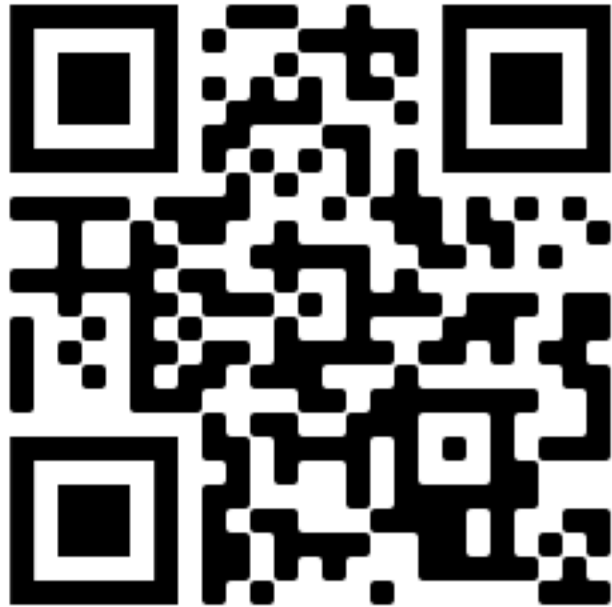
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LCI Website Information



www.LeanConstruction.org



THANK YOU!

Section Divider









Presentation Style Guide

- Make sure guides are turned on. Click “View” on top ribbon then select guides
- Use the Provided Template Layouts and Arial font
- The Font color for text is Grey. Minimum font size = 28.
- Plan to spell out acronyms the first time they are used in your presentation
- Insert an image to each slide
- Keep each bullet at no more than 15 words
- Provide a glossary of acronyms from your presentation in the back
- Make sure to delete any unused slide layouts

Icon Library

- These icons can be used throughout your presentation



Plan | Value
Generation



Do



Check



Act | Safety



Continuous
Improvement



Respect for people
| Team



**Removal of
Waste**



**Process
and Flow**



Optimize the
Whole



**Built
Environment**



Tools



Resources



Training



Research



Collaboration



Emphasis



Title Goes Here

- Keep it **short**
- Keep it **focused**
- Keep it **concise**
- Keep it **powerful**

Use this text format for callouts, quotes, stats, or to draw attention to important text.

Title Goes Here

- Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.
- Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea commodo.
- Duis aute irure dolor in reprehenderit in voluptate velit esse cillum dolore eu fugiat nulla pariatur. Excepteur sint occaecat cupidatat non proident, sunt in culpa qui officia deserunt mollit anim id est laborum.
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