

Plaza Moving Forward

An Interview with Richard Wood,
Chairman and Chief Executive Officer, Plaza Construction

EDITORS' NOTE Richard Wood has served for over three decades in increasingly visible leadership roles, cultivating and transforming Plaza into one of the most preeminent construction management firms in the country. Throughout his career, he has overseen construction of some of the nation's most innovative, interesting and highly complex projects. He has been instrumental in establishing regional offices in the Mid-Atlantic and Southeast corridors of the United States. Under Wood's leadership, the firm has grown from a regional organization to a multi-faceted, national presence in the industry with headquarters in New York and regional offices in New Jersey, Miami, Tampa, Orlando and Washington D.C. He serves on the boards of organizations such as Friends of the Vietnam Veterans and Hope for the Warriors. Wood is an active supporter of The Valerie Fund and a member of the U.S. Department of State's Overseas Building Operation Industry Advisory Group, CAGNY-Past Chairman, Greater New York Chamber of Commerce and New York Building Congress.



Richard Wood

Plaza Construction is owned by China Construction America, a U.S. subsidiary of China State Construction Engineering Corp., the world's largest construction company.

Plaza Construction is known as an industry leader and for its quality of work. How do you define the Plaza difference and what has made the company so special?

Our roots began as the construction arm of an owner/builder, which gave us a different sensibility than most other contractors.

From that, our thought process regarding financial transparency, our focus on long-term property value and not merely just getting a project finished and delivering it to an owner, gave us a different perspective. The evolution of the company was centered around this premise.

We also attract people who want to be with a company like Plaza that is known for its integrity and managing clients in a way that gives them the sense that we are an extension of their staff.

This owner/builder sensibility was a unique starting point that we have never lost sight of, mainly because many of the people that worked with us in the early days are still with the company – myself included.

The people that helped us develop this philosophy own the buildings that they built. This is different from merely competing for a project from an owner who has hired a design team that then delivers a set of drawings to a contractor. The contractor then prices it up and tries to limit his risk and not concern himself with the long-term maintenance of the building. Instead, he merely completes the job.

There was an entirely different mindset that went into the evolution of Plaza.

Following the acquisition of Plaza by China Construction America, how important has it been for Plaza to maintain its culture?

For many years, when China Construction America was pursuing an acquisition, they were able to utilize their investment arm, Strategic Capital.

They were looking for a company that understood what it meant to build for an owner, because the parent company, which is the world's largest real estate and construction enterprise, does a lot of development in China and shares those sensibilities.

Whether they realized it or not, when they came upon us, they found cultural similarities in the way we evolved with an owner/builder mentality.

The culture has mixed very nicely. They're completely focused on providing real value, not only for their own projects, but for the clients they work for. The cultures married neatly.

Plaza is known for some of the leading work it has done in New York City. Will you discuss how important New York City has been to the company and the growth opportunities for Plaza in other markets outside of New York City?

New York is the foundation and headquarters of our business. We have enjoyed growth in other markets, but New York remains a very strong component of our total strategy and business.

We have expanded New York to include New Jersey, Connecticut, D.C. and Massachusetts and have offices in Miami, Tampa and Orlando as well. However, with the new ownership and the history of the company and the evolution of the culture of Plaza, we moved into new markets fairly boldly



One Thousand Museum, a luxury residential tower in Miami designed by the world renowned architect Zaha Hadid

with a sense of confidence that we could do things that people hadn't done before. We felt that we could bring legitimate and intelligent construction methodologies and different ways to build a component to other cities or countries that differed from the way they were previously done there.

We always felt confident in taking measured risk and that we could deliver real value to our clients by doing things differently. For instance, buying material in a different way or constructing a building in a different sequence than had been typically done. These make sense and save money and time and promote the idea of being as efficient and cost-effective as possible with the highest quality product possible.

We always felt like we didn't need to accept the status quo and that we were willing to do things others may not be willing to do. Other companies were trying to mitigate risk or felt they were only going to take on risk associated with completing their contractual obligations.

We felt that if we did the right research and had the right conversations with the stakeholders that were involved, we could get buy-in by presenting it in a way that made everybody understand why it was necessary.

We always felt that there wasn't enough dialogue with people who thought things needed to be done a certain way, such as between management and unions. There was a historical divide between those two factions and we always felt that additional effort was necessary to make each side understand the sensitivities. Until we did that, there was no way to bring a more common approach towards thinking about how to make positive and intelligent changes in the industry.

We thought that taking a different approach to what people believed was critical to changing our business. Something may have been done in a particular way for 100 years, but we always felt there may be better ways to do it. We didn't need to sit there and fall in line but, instead, we want to see what we are able to intelligently accomplish through good communication and creating an understanding about changing those things and making them viable. By doing this, we felt we could help make New York become more of a trendsetter rather than being stuck with methods of doing business that set us back in time.

Does it surprise you to see what the outer boroughs of New York City have become?

When we realized that stand-alone land prices before we improved the land were pushing up against the maximum rent that one could get in a given area, we recognized that the way that we could justify that cost of the land was to do a for-sale product.

There was a natural movement outside Manhattan. I'm not an expert on population issues, but if there is a building with 400 units in it, it doesn't take many new residents in New York to absorb those.

If New York is putting up 10,000 units a year at market rate and New York has 10 million people, 10,000 is only 1/10 of 1 percent. This means we don't need a lot of growth to absorb 10,000 units.



Station House, a mixed use residential development in Washington, D.C.

Many units are being delivered in New York annually and, at some point, Manhattan is going to be filled. If there is no ability to build rentals in Manhattan, the only possibility is to move to the outer boroughs or other areas where land is affordable and people can afford to pay a certain rent so that, after the land is improved, it can be delivered at a profit.

Plaza is known for complex builds and marquis projects. Are those the sweet spot for Plaza or is your focus broader?

We're full service. We like the smaller buildings, too. We can't depend solely on large projects for all our business, the cycles will kill us if that is the only area of work that we're looking for.

Right now, there is a slowdown in condos and, if we were merely building super tall condos, we wouldn't have much of a backlog.

We need to be diversified and do commercial, residential, hospitality and healthcare – so we can be prepared for the cyclical nature of the marketplace.

How is technology changing the way construction is being done?

Building information modeling (BIM) has matured a little slower than I thought it would because, in order for it to be totally effective, all of the stakeholders in a project need to be totally proficient at it.

Over time, construction managers have taken on the responsibility of managing the BIM process. This requires, of course, that there is a viable BIM model that is delivered to us by a design team, which most of them are now capable of doing.

In managing that BIM process, it helps to bring on some of the sub-constructors to participate so we have integrated electronic communication. Utilizing BIM gives us a much better picture of where we could foresee problems in a project.

The requirements by lenders and investors for technical information have also continued to increase over time. We have bank loans that are syndicated, and we must be able to justify why certain payments are being made. There are a lot of backups required.

The electronic and technological advancements in information management have been helpful to satisfy the needs of those stakeholders that require that information.

That information is much more readily available. It's data-based so we don't have multiple points of entry as we did in the past, which has made it more efficient and less time-consuming.

From those two perspectives, technology has become mainstream at this point.

Future on-site technology management is also being advanced. The use of GPS surveying and project mapping of both existing and new work in place and the generation of real-time information from that is becoming mainstream. Infrared surveying can now identify the exact conditions of existing buildings. There is also the development of technology for use by personnel on the job in making sure people are remaining safe as they work. These are some of the many things we expect to start using in the near term.

In the long term, I would love to see a much higher rate of evolution of real intelligence and intelligent design to solve issues, including Artificial Intelligence and other cutting-edge construction technologies pursued by our parent company in China. This could help us determine whether a condition we are facing has ever happened before and what the repair or fix for that condition might be. There is already a mountain of information in existence that could save a lot of unnecessary research and be preloaded into a database that allows us to pull up potential solutions immediately.



The first Fisher Houses in the Bronx, New York, for families of veterans being treated at VA Medical facilities around the country

There is also a wonderful company created by Adam Sandow called Material Bank that allows us to search and sample materials from across the globe. This is another example of where the industry can go.

Long term, worldwide online procurement and bidding is important. We have systems now that allow us to make electronic payments automatically as we take in payments.

Also, the more technology we can weave into the business, the less need there is to have as many people on location. We don't necessarily need to have every expertise locally when technology can connect those experts to the job site. It could ultimately help lower our costs when the people can connect and contribute from wherever they may be.

The construction industry is often thought of as a male-oriented business. Is it important for Plaza to build a diverse workforce and are there opportunities for women in the industry?

Yes. For many years, we have been trying to develop a more diverse workforce and to include women in this traditionally male business. Initially, it was difficult to interest women, but it is less of a challenge now. The industry as a whole employs a mere 9 percent female workers. However, Plaza has a 25 percent female worker rate, far outpacing the industry. With today's worker shortages, women have become much more valuable in the marketplace and Plaza actively pursues, trains and hires to promote a gender-neutral working environment.

In attracting more women into the industry, our Corporate Compliance Officer, Rosie Toscano, suggested we create a new construction sign as part of Plaza's gender-neutral workplace initiative that read "Men and Women at Work" to replace the age-old construction "Men

at Work" sign. The new signs were posted at Plaza job sites around the country, gaining public recognition and national media attention. Plaza brought the evolution of women in the construction industry to the forefront and took on a leadership position in doing so.

You commit a great deal of your time and resources to philanthropy and, as a company, Plaza supports its people being engaged in the community. Do you see it as a responsibility for leading companies to be supporting causes outside of the business?

Yes. Plaza's people aren't entitled to receive their annual bonus unless they put in a day a year on company time to some philanthropic effort of their choosing, be it a charity they support or as a volunteer in a homeless shelter.

The company is committing its own resources to making sure they get involved and, the more they get involved, the happier I am because community involvement brings a sense of pride and brings self-esteem to people. The best workers we could possibly have are those with good self-esteem. That kind of charitable heart and thought lends itself to having self-esteem that someone might not have had before.

I was fortunate that I worked for the Fisher family that was very involved in philanthropy as it related to the military. I adopted that commitment because of my close relationship with them.

I'm on the board for Hope for the Warriors, which is an organization that cares for families of soldiers that have returned and are wounded. I'm on the board of the Friends of the Plaza, which is the memorial from New York City to the people that died during the Vietnam era and the Vietnam Memorial Park downtown, next to 55 Water Street. I'm also involved in a Fisher

House we're currently building in the Bronx – it's the first New York Fisher House. The Fisher House Foundation has built 80 houses around the country that house the families of soldiers who are being treated in military hospitals. They are located on the grounds of those military hospitals and save the families staying there the cost of hotels as their loved ones are being treated when they otherwise may not have been able to be by their sides.

My favorite project I was ever involved in was when we were the program manager for the Center for the Intrepid in San Antonio. My love for the work we did on that project is still with me.

What do you tell young people interested in building careers in construction about the keys to building a sustainable career in the industry?

Every year, we bring in summer interns, and I give them the same speech. I tell them to work hard, absorb as much information as they can, be sensible about what they say and, most importantly, provide leadership.

Providing leadership means always doing the right thing in support of other people and the company. When someone needs help, help them – don't ask or look for recognition.

Always make sure that you are prepared. It might mean working late, but it is not necessary to tell anyone that you are doing that.

When someone does that, someone will ultimately recognize that they're doing it and appreciate them more for not having touted it. That is leadership.

When one gets to be a more senior person, people who worked with that person will not only support them, but will follow them to the ends of the earth.

Are you able to take time to reflect and celebrate the wins or are you always looking for the next opportunity?

I started out as a superintendent on a construction site. I lived through the zero-degree days in winter and at the end of day, I would fall asleep with my jacket still on. I recognize that every square inch of every building ever built is custom built in place, and we depend on millions of man and woman hours to build these things in a manner that is efficient and timely and that is done with the highest level of quality with a limited amount of supervision.

I still love going to these projects because I truly appreciate the effort going on, not only by management, but by the people that put the work in place – some are more dedicated and sincere than others, but those that are sincere are the salt of the earth.

I remember every square inch of every project I have worked on. I take pride in the total product, but also the little components that went into it. I truly have an appreciation of it.

When I step back and look at a building from a quarter of a mile away, there is a sense of pride that we put something in place that I had some part in changing the way a skyline or cityscape looks. ●