



Executive of the Month: Colao, president & chief executive officer of CNY Group: Reflects on success second time around

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Ken Colao, CNY Group

Ken Colao is president & CEO of CNY Group. We caught up with Ken during a busy season, to talk about his success. CNY is his second construction venture, having had to close down his first, York Hunter, after 9/11.

Q: How are things at CNY?

A: Busy – we just had a ground-breaking at a 730,000 s/f mixed-used project, The Crossing at Jamaica Station; a kickoff for a 669-unit housing project in Jamaica with congressman Meeks and representatives from Goldman Sachs, BRP, JP Morgan, Freddie Mac; and a topping-out ceremony for the project at 20 Times Sq., a 42-story highly complex Marriott Edition Hotel building at 47th and 7th Ave. with a Hershey's Café, a 25,000 s/f NFL store with a four-story interactive Cirque du Soleil exhibit, and a 452-room Marriott Edition Hotel, a joint-venture of Witkoff Group and Maefield Foundation.

Q: How did you get started in construction?

A: I started on my father's concrete construction site at eight years old, pulling bent nails from strip lumber. Family gatherings were always filled with construction people – they were good times. My intention was to take over my father's company and I headed off to NJIT's engineering school. Unfortunately, my father got cancer and my grandfather passed away, so the company was sold. Instead, I went to work at Morse Diesel as an asst. superintendent. A few years later, Peter Lehrer and Gene McGovern asked me to join them in their new business – Lehrer McGovern – as their first employee, which today is part of LendLease. After four years there, at the age of 28, I felt the entrepreneurial bug. With no money and no clients I formed my first business, York Hunter.

Q: How did you dig out after 9/11?

A: Creating a true atmosphere of trust starts from the bottom up. Trust was what ultimately helped us. In the events following 9/11 – four projects were shut down, several lost funding – we were hit

with a liquidity crisis. We worked with lenders, and I personally put in all the cash I had - \$8 million -- and liquidated all of our real estate holdings. We had 83 million in liabilities and over 200 claims. How we waded through it was very diligently managing the debt. Every day was a battle. Eventually every project was finished and we paid off over 1,400 vendors. I wrote my last check a month ago -- buying back a \$500,000 note. It took 16 years. Lenders and sureties took note of the fact that I refused to run away or file bankruptcy, which created an atmosphere of trust, and they worked with us to help us rebuild. I went through a terrible time and lost everything -- but my daughters were my sunshine -- and I didn't give up. "Never ever ever give up," is my philosophy -- a Winston Churchill quote.

Q: What are the key lessons?

A: My role models were my father and grandfather. Lessons in values and integrity, operating by one's word and taking a stand. If you don't agree with something, say something. You also have to be able to pivot. If you don't agree in a conversation you have to be able to say -- whoa, stop. Let's look at this in a different way. In addition, we practice the lessons we learned on how we treat people. Today the company's stated values include belief in the success of each and every member, in work-life balance, leadership development from inside, and promotion of an open, collaborative and honest environment of mutual trust and respect.

Q: How does it feel to succeed again?

A: Success feels great! At one point I woke up depressed, with no electricity, my house in foreclosure and family exposed. There were over 200 different pieces of litigation, \$83 million in debt, and everyone telling me to file bankruptcy. When I refused, people would yell and scream -- and I had to learn the very valuable lessons of who would step up and who would not. My brother Steven Colao and Dennis Prude -- stepped up and are my partners today. Friends, counsel, employees and clients stepped up in other meaningful ways.

Q: What is your feeling about industry growth?

A: Optimistic -- I see a five-year horizon. New York City is an efficient market for real estate and development. There is always a need for housing and well-designed, well-built buildings. New York City is a magnet. The construction industry is a large piece of the economy -- more than one trillion dollars. When you evaluate the amount invested in technology, though, construction ranks next to last. The direction of construction is toward integrating new technology, Passivehouse and Wellstandards. In that thrust, we embrace Open Shop, which allows more flexibility to innovate. Utilizing both dimensions of labor has allowed us to thrive -- $1 + 1 = 3$.

20 Times Square in the early phase of construction at 47th and 7th Avenues.

Photo credit: Ralph D'Angelo, CIG Digital

Q: What advice do you offer to someone just starting out?

A: No matter what sector of our industry they are in – try to diversify to get experience. Know all of the different facets of construction.

Q: What is the future for CNY?

A: Build on and develop the growth potential of our people. We currently have \$940 million of work under contract for prominent and blue chip companies. As we finish each assignment, we continue to build a solid foundation for building something truly great.

Not a bad comeback!

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