

Rapid Response Transcript – Ken Frazier

“Be confident enough to show your vulnerability”

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KEN FRAZIER: You have to be confident enough to show your vulnerability. You have to be confident enough to show that you don't know the answer. The most important decisions are not all going to be made at the CEO's desk.

When you're 11 years old and your mother dies suddenly, those were not great experiences. I wouldn't want to have to relive them, but some of the things that I've dealt with since then are, by comparison, they seem less troublesome.

I think business has an important role in addressing social equity issues. But you don't have to be a leader of a big company to make a difference. How can we be kinder to the most vulnerable people?

BOB SAFIAN: That's Ken Frazier, the longtime CEO of pharmaceutical giant Merck.

Ken was one of the few Black CEOs at the top of Corporate America. Now as an adviser at General Catalyst and co-founder of the social impact organization OneTen, Ken's pushing to remake how business addresses racial and health equity.

I'm Bob Safian, former editor of Fast Company, founder of The Flux Group, and host of Masters of Scale Rapid Response.

I wanted to talk to Ken because as we near the two-year anniversary of the initial Covid lockdowns in the U.S., no one has a more insightful view of the societal and business lessons to draw from the journey we've been on.

Ken talks about three distinct aspects of crisis adjustment, the positive side of fear, and the importance of vulnerability.

He shares his own stories of challenge, as an African-American leader at a time of upheaval.

And he points each of us toward the future, stressing both risks in our current divisiveness, and the hope he places in the next generation.

[THEME MUSIC]

SAFIAN: All right. You ready to play?

FRAZIER: I'm ready.

SAFIAN: All right. I'm Bob Safian, and I'm here with Ken Frazier, the former CEO of Merck, and now advisor at venture capital firm General Catalyst. Ken, thanks for joining us.

FRAZIER: Bob, I'm looking forward to having a good discussion.

SAFIAN: So, you remain the Executive Chairman at Merck. You're also co-founder and co-chair of OneTen, a nonprofit dedicated to closing the opportunity gap for Black talent in America. I'm eager to get to that. And you chair General Catalyst's health assurance initiatives. It's a pretty daunting list of roles for someone who could just take it easy after a decade of running a Fortune 500 company on top of a very busy career. Is this post-CEO life for you any simpler, or is it just as hectic as before?

FRAZIER: Well, I have to say, Bob, it feels hectic, but it also feels like I'm able to make a contribution. The thing that I was most afraid of as I approached retirement at Merck was that I wouldn't be of any genuine usefulness in the world. And so I want to make sure that I'm doing things that make me feel stimulated, give me a reason to get out of bed every morning, which my wife insists is necessary for the success of our marriage going forward. But also, at the end of the day, I want to feel like I'm making a contribution. So I'm happy to continue to do things. And I'm looking for additional things to do if I can make a contribution.

SAFIAN: When people reach a certain perch, and a lot of the listeners on this podcast are entrepreneurs and business people who are changing jobs all the time, and every time you change your function, you worry about, "What's my relevance going to be next time?"

FRAZIER: Yes, but that's what makes life an adventure. I was trained to be a lawyer. I used to try death penalty cases. That couldn't be more different than being a CEO. Every time I did something very different, I actually was afraid to do it. I had a lot of anxiety about it, but over time you realize that that's what makes you feel alive, right? The one thing about changing your responsibilities is you're learning, and you're excited every day. Being a little bit fearful I find to be actually a positive thing in life.

SAFIAN: Well, we've had plenty of opportunity to be fearful over the last two years. The environment has given us that. I mean, you led Merck through the depths of the pandemic, now guiding it as its chairman as we hopefully head toward the other side. How has this experience changed you? Do you look at the world differently?

FRAZIER: I think that I had some experiences early in life that allowed me to be adaptable to sudden, scary changes. First of all, my younger sister, and I were bused to schools for racial desegregation in the early 1960s. So having to leave one's neighborhood, having to go into a strange area, meaning not that the people were strange...

SAFIAN: And where were you?

FRAZIER: In Philadelphia, I was born and raised in the inner city of Philadelphia. Being a stranger in a strange land, so to speak, that was a big upheaval. The other thing that happened to me is that when I was 11 years old, my mother died suddenly. And that is a crisis, when you're 11 years old, and your mother dies suddenly. I tell those things to say that I think later on in life, the ability to face up to things that are scary, the ability to be adaptable, those were not great experiences. I wouldn't want to have to relive them, but some of the things that I've dealt with since then are, by comparison, they seem less troublesome or less difficult.

As we talked about leading through the pandemic, a couple of things strike me. We humans are very social creatures, and the pandemic has driven us into isolation. For me, personally, the thing that I love most about being CEO of Merck was interacting with my colleagues. It's not necessarily the endless meetings. It's not necessarily all the PowerPoints that you have to read. It's interacting with people. And I think that what it really taught me as a leader is the importance of dealing with the whole person.

Before the pandemic, you would interact with your colleagues as business people. You didn't have to think about providing people with psychological wellbeing. You didn't have to approach every day with the level of self-awareness or empathy or caring or compassion. Now, people were bringing their whole self to work and their problems.

My colleagues in Tokyo, for example, the apartments in Tokyo are extremely small. And yet, those people had to work every day with their children in the same workplace. So they were headmaster, and they were at the same time the help desk on technology. They were also working at Merck. So it was a challenge to make sure that you were staying connected with people on a human level, being caring and compassionate.

SAFIAN: Yeah, that phrase that we've long used about work-life balance applied to two separate spheres. And now, of course, we realize it's all integrated, and we have to approach them in an integrated way.

FRAZIER: Absolutely. There's no boundaries now. I know, even for me, there's no boundary between work and home life now because so much of my work is being done in my house. We have to have some sense of order in our lives. That all got disrupted. And we can see in our society, the rate of diagnosed anxiety and depression have gone up. They've quadrupled since the pandemic. And we have to realize the impact that it's having on us psychologically.

SAFIAN: You mentioned the adaptability that you were forced to learn as a young person. All of us are learning how to build adaptability. As organizational leaders, we want our teams to be able to be more adaptable. Can you get to be adaptable without going through pain? Or is this

something that, you know, the way to learn how to be adaptable is just to work through the muck of it?

FRAZIER: Well, you know, there's three different ways to think about that question.

One is cognitive adaptability. I think that's the easiest one, right? I mean, something's changed in a business, and we have to now think about, "How do we build a new approach to our business?" Or "How do we deal with a particular challenge in the marketplace or scientific challenge?" So there's the cognitive adaptability.

Then there's the emotional adaptability, which is what we were just talking about a few minutes ago, is: how do you adapt to something that happens in your life that shakes you to the core? And that's not just a question of, "How do I think about, how do I deal with this new challenge or opportunity?" It is, "How do I, as a human being, continue to function well, despite the fact that I'm facing these fearful situations?"

And then the last thing, which I think actually relates to leadership, is what disposition do you have when you're going through that upheaval, that crisis? Because the organization is looking at its leaders, and it wants to know whether those leaders can make it through this.

If you can't show confidence in the face of the challenges that you face, you have to face reality, but you also have to give people a sense of optimism. So I think stealing yourself emotionally, and being able to show a positive disposition, I think that comes from having gone through this before. I don't think you can read that in a book or have that taught in a course.

SAFIAN: You can't really fake it either, right? I remember having a discussion with the leader of a large organization, and they said, "What do I do if I don't really quite know what the next step is?" And I was like, "Then you leave the job, and you let somebody else do it." Like, you have to know. When there were moments when you were unsure about what the next step is, how do you show confidence in the fact that you don't know? Do you know what I mean? Am I explaining that the right way?

FRAZIER: Oh, no. I agree. So let me start by saying before the pandemic, the one thing that I knew running a science-based company is that the most important decisions that were going to be made at Merck were not going to be made at the CEO's desk. Right? I don't pick the proteins. I don't pick the peptides that we use in the research organization. So for me, the answer to that question is: what you want to be able to do is to expand the circle of people that you can rely on.

And you can't expand that circle if you are disingenuous enough to pretend that you have all the answers. So I think being a leader in this situation requires a combination of

two things. One is vulnerability and the other one is confidence. And most people see that as a paradox, but I see them as one and the same.

You have to be confident enough to show your vulnerability. You have to be confident enough to show that you don't know the answer, because the fact of the matter is the most important decisions that are being made in this company or in other companies are not all going to be made at the CEO's desk. I think this concept of the pyramid that we think about in terms of corporate structures, it really ought to be inverted. It's the people at the manufacturing interface, it's the people at the customer interface, it's the people at the scientific interface who are going to make the most important decisions. And so for me, it's about having the right network. That's how you get the right decision.

And by the way, the other thing about this is you have to have the confidence when you're facing a tough decision not to make it immediately. You have to slow down. You have to make sure that the decision isn't the quick decision, it's the right decision for the long term.

SAFIAN: As you're talking it's getting me thinking about the kind of investments that you did as a CEO at Merck and the kind of investments that you're working on now at General Catalyst. Investing is part of the mandate. You're investing in research, you're investing in new companies. You want to be patient, but impatient. Right? You don't want to waste resources, but we've seen some technologies like mRNA technology that struggled for years to get traction and then suddenly became critical. How do you know what to fund, what not to fund, what to let go, when you're looking at scientific research? Or is it not different, scientific research, than anything else, any other funding decisions you're making?

FRAZIER: Well, I have to say that the funding decisions at Merck that I was involved in were very different from the ones at General Catalyst. But to take a step back, you talked about mRNA, or for example, immuno-oncology in cancer. These were fields that for many, many years, people were skeptical that they would ever produce anything. But the way that science progresses is that it's almost, in my analogies, like waves crashing against a beach head. No one wave will cause that beach head to give way, but wave after wave after wave often does cause that beach head to actually crumble. In this case, the beach head is obviously representative of some kind of disease state, Covid-19 in the case of mRNA. mRNA had been used in other disease contexts, unsuccessfully, but for a single strand DNA like Covid-19, it turns out to be perfect for that. The same with immuno-oncology. For years, people were very skeptical about it.

So people often say in the tech field you want to fail fast. The rules of biology aren't that well understood. And so you want to continue to function or to continue to invest in things that could produce value, but at the same time, when you've done what you believe is the definitive experiment to test a hypothesis, you don't want to keep paying good money to chase after something that you think is not going to be useful.

If I shift to the General Catalyst side of things, versus Merck, where we were investing substantial money in late stage clinical trials, after we had proof of concept for a molecule, in General Catalyst, we're investing very early in the life cycle of businesses. These are generally startups. And what we want are the kinds of people, in terms of founders, who really believe that they can change the world. It's very early in the company's life cycle, but we have to be able to invest in people who have a thesis as to how a particular, for example, technology can change the way healthcare is delivered. So it's much earlier that we're focusing in General Catalyst than I was focusing as the CEO of Merck, because my job here was to make really large investments in late stage programs.

SAFIAN: And so it almost sounds like at Merck, you're investing in the science in a lot of ways. At General Catalyst, in some ways, you're investing in the person as much as the science.

FRAZIER: I think that's actually a very good way of saying it. You have to find these founders who have a vision for how they can, I don't want to exaggerate, but how they can change the world in some fundamental way.

SAFIAN: I know you have a particular passion about health equity, and I'm curious how you came by that. And, what part played in your decision to join General Catalyst?

FRAZIER: Well, the way that I came by it to be blunt is I was born and raised in the inner city of Philadelphia. And so I saw all the unnecessary suffering people went through. I saw premature death. You look at Covid-19, and the lifespan of African Americans has declined by three years, compared to one year overall. I lived in an area where I saw people being deprived of the right nutrition, deprived of the right health services. So that issue around health equity, and by the way, I'm talking about the inner city. It's also true in rural America where people don't have access to healthcare, and they end up in emergency rooms when it's actually sort of too late to be treated.

What made me so attracted to the people at General Catalyst, Hemant Taneja, Ken Chenault, and others, is that they had a vision around health assurance. How can we, through data, how can we, through technology, give people access to what they need to maintain their health, as opposed to having to come to a sick care system when things are too late? How do we ensure that consumers have access to the ability to ensure that they are protecting their health over the long term? How do we improve the quality of the healthcare that they get?

SAFIAN: At the perch of Merck, some of the biggest breakthroughs, it's like a single drug or a single choice, can radically change the landscape in a particular area. When you talk about health equity, it's harder to see that there's going to be like one thing that sort of changes everything. Your whole philosophy about it has to be a little different.

FRAZIER: So I don't think there is ever going to be a silver bullet. Our philosophy: is how do we marry entrepreneurs with the people in the healthcare system who actually deliver healthcare today, in a way that we can start to solve some of these problems? How come it is that if you're born in the inner city of Philadelphia, you're born in rural Pennsylvania, you don't have access to the kinds of healthcare services that you need in order to maintain your health? Those things are not going to be done overnight, but I do think that the combination of technology and data on the one hand, and compassion and empathy in the delivery of services, can actually make major changes.

[AD BREAK]

SAFIAN: Before the break we heard former Merck CEO Ken Frazier talk about adaptability, vulnerability, and why “failing fast” doesn't fit every situation. Now he shares how the nonprofit he co-founded last year, OneTen, has changed the lives of 25,000 families. He also offers a lesson in how to make diversity practices more intentional, and explains why the lawsuit against the NFL by coach Brian Flores is a courageous act. Plus, he addresses the rising divisiveness in American culture, and the special and important role that business can play – by stressing our commonality and emphasizing kindness.

You joined your friend and colleague Ken Chenault at General Catalyst. He was on this show last year. And among other things we talked about OneTen, the organization that you co-founded together to address the opportunity gap that many Black Americans face. After George Floyd's killing, there was a surge of commitment from different businesses, but as time passes, there's sort of concern that is anything really changing? I'm curious what you think, whether efforts on the parts of businesses are bearing fruit? Is OneTen having the impact you'd hoped at the pace you'd hoped?

FRAZIER: I do think that business is making a difference in this country. Our country is incredibly separate, and our politics are very divided. And if you look at the big sort of social scene in our country, people live in certain enclaves where they're not around people who are different from them. They go to church or synagogue or mosque with people who think like them. Social media divides us. We can go hear the opinions that we want to hear. I think business is the last place in this country, other than maybe the military, where people can't choose who they associate with. So I think business has an important role in addressing social equity issues.

The reason why we created OneTen was that as businesses were looking post-George Floyd at what they could do, the thing that was really clear that is in our wheelhouse, so to speak, is hiring people. And, the fact of the matter is something like 75% of African Americans in this country at age 26 don't have a four year degree. And so the purpose behind OneTen is to get companies to examine their hiring criteria and be less credentials based and be more skills based. So in our first year we hired or promoted 25,000 African Americans into family-sustaining wages based on their skills. Our goal is

a runway rate of 100,000. So the pace isn't where we want it to be yet, but in our first year we've changed the lives of 25,000 families.

I was raised by a single-parent father, and because I was bused to school I had to get up earlier than my siblings. And the enduring memory I have of growing up was the smell of my father's shaving cream. What that really showed was, every morning my dad got up, shaved, went down the stairs and went to work, and he held his head high, and he had dignity and self-esteem. So growing up in a house where your parent had that changes your perspective on the world.

I think business needs to do that. I think the fact of the matter is, too many people who work full-time in this country don't get a family sustaining wage. They have to work two or three jobs. So I think we have to address those issues.

SAFIAN: And when you mentioned that the pace was not maybe what you wanted it to be for OneTen in the first year, is that because there aren't enough jobs, the training for the skills isn't there? What's the disconnect?

FRAZIER: There are a number of organizations in the country that train people that are our target audience to do jobs, but they're subscale. And so the challenge for us is, how do you scale up and be able to train a hundred thousand people a year? Most of the big organizations that do that train 5,000 or 6,000 people a year. The analogy I would use is with respect to education in my hometown of Philadelphia. You can find charter schools or private schools that are little islands of excellence in the inner city.

But the challenge is, how do you scale that up so that every child has that opportunity? That's what OneTen is trying to do. They're to try to scale up the job training so that we can supply larger numbers to these companies. There's 64 or so companies that have joined us in this effort. 25,000 is not where we wanted to be, but from a standing start it's a pretty good start.

SAFIAN: Ken Chenault, when he was on he shared a bit about what he experienced as a Black American in the work world. I mean you and he were among a handful only of Black CEOs. I can imagine you're used to, maybe too used to, being one of the only Black people in the room in too many meetings.

FRAZIER: Being one of a few Black CEOs was part of what I was used to from the time I graduated law school and joined a big prominent law firm. I was the only Black associate lawyer in that law firm. When I made partner there were only two Black partners out of 200. So I think for many people in my generation who are African Americans who've strived to be successful, that isn't a new thing at all. And it gets back to my comment about us living in our own enclaves in our society.

You know, one of the things that's most important for people to be developed is to be able to take advantage of social networks. So if you're an African American, and my career shows it ... I was brought into Merck by the then CEO of Merck. He mentored me, he sponsored me. It's not just the question of whether there are enough talented people to take these roles. I think it's a question of people being more intentional about things like diversity and inclusion.

That the systems that exist in this company, including the social networks, often disadvantage people of color, and they often disadvantage women. And I think that companies that are very intentional about hiring, promoting, developing African Americans and other minorities tend to do better than companies that rely on the systems that have always produced outcomes that are not diverse. If you're not getting what you're asking for, you have to ask yourself, "How can I be more intentional about diversity and inclusion?"

SAFIAN: There's a high-profile lawsuit right now against the NFL, charging that that system's still stacked against Black coaches. Some observers are praising the suit. Others think it's going to be counterproductive. Do you have any thoughts about it, about what that kind of action means, or does?

FRAZIER: I think Brian Flores, the coach who filed the lawsuit, is an enormously courageous person. It's going to hurt his career. No question. But just as, if you follow baseball, it was an African American player named Curt Flood 50 years ago who challenged the rules against free agency. So all of these guys are making a lot of money today, they owe it to Curt Flood, who sacrificed his career to go to the Supreme Court of the United States challenging the fact that baseball players were in effect indentured servants to their owners.

And I think what Mr. Flores is doing is, he's pointing to the fact that the league adopted this Rooney Rule, as it's called, that said that every team had to consider Black coaches. But that became sort of something that people did without really intending to make a difference. And I think the most important thing that has happened in the last few weeks is that the Commissioner of the NFL himself, Roger Goodell, has publicly said, "We are not doing what we should be doing as it relates to the hiring of Black coaches."

I can't comment on any individual coaching decision, but in a league that is 75% Black, to have had such a small number of Black coaches ought to raise the question of, "Is there really an open opportunity for everyone?" I'm asked about diversity and often people say to me, "Can you make the business case for diversity?" And I always make the point, no one's ever made the business case for homogeneity.

Nobody's even asked that question, and that's because homogeneity is the normative state in this country. When I walk into a conference room, I expect to be the only Black person in that room. And the reality of the world is, the other people in the room by and

large don't think that there's anything wrong with that picture because it's consistent with the norms that we have in this country. Again, coming back to Brian Flores, I credit him with challenging the processes and systems in the NFL that have produced a very small number of Black coaches.

SAFIAN: And the fact that the head of the NFL needed a lawsuit to get him to say, "Oh yeah. We're not doing things the right way."

FRAZIER: Think back to the Civil Rights Movement, it's sort of interesting that today we have a holiday for Martin Luther King. But I remember how many people thought Martin Luther King was a troublemaker. You know, the marches in cities like Birmingham and Montgomery to integrate those cities.

If you go back and you listen, even to the people who were sympathetic to the civil rights movement, people said, "Why are all these people breaking the law? Why are they getting arrested? Why can't they be more patient and wait for the changes to occur in society?" Martin Luther King, many of his contemporaries considered him nothing but a troublemaker, but to use Congressman Lewis' comments, he was a person who created good trouble in the world.

SAFIAN: Being an accomplished leader, people turn to you for all kinds of things constantly. Does that get exhausting, being looked to for answers?

FRAZIER: It can feel exhausting, but for people who are pioneers, again, I'm sitting in this position because people before me made it possible. I tell my kids that when I'm sitting in a room, when I'm in a business council meeting surrounded by a hundred other CEOs, I feel it is my responsibility to share my perspective with them. They're all people of goodwill. And I think one of the challenges we have around race in this country is that when we talk about it, people are automatically made to feel defensive about the conversation. So I assume good intentions from other people. But I also know that unlike me, they don't know what life is like on the other side of the tracks.

I grew up on the other side of the tracks, and it is my responsibility, I feel, to help people become much more aware. This business around intentionality, the key to that is awareness. If you're not aware of what somebody else's life is like, then you can't be expected to address the issue. So in order for me to get to where I have gotten in life as a lawyer and as a business person, I'll be blunt, I had to learn how to get along with people who are different from me. If I wasn't really skilled at that, we wouldn't be having this conversation. Okay? For most of my colleagues, they haven't had to do that. I had to learn how to get along, frankly, with people for whom I was generally their only Black business associate or Black friend. And I'm not criticizing them, I'm simply saying that if I'm going to be in that room, one of my personal responsibilities is to help people see the world through a different lens.

SAFIAN: It's tough to have to do that in every room you're in though, right? Like all the time over and over.

FRAZIER: Well, it's not easy. On the other hand, I can't complain because my dad had a third-grade education and scrubbed floors for a living as a janitor. And if he could hear me complain about the burden of being the CEO of Merck, he would say, "Boy, you're out of your mind."

SAFIAN: So the last two years, this crisis, you sort of alluded to this, the hope with a crisis is that it brings us together. The risk is that it kind of drives us apart. Where do you think we're netting out with this crisis in this time?

FRAZIER: So I have to say that I am somewhat worried that our country is getting, over time, more divided and less unified. I don't mean to criticize social media as the main problem, but I think it has created a situation where people are less understanding. At least in the old days, we all came home and watched the same news broadcast and had the same facts. Now, we argue about what the facts are. We see it in the division over masking for Covid-19, right? We see it around the division around vaccines and the misinformation that's out there about vaccines.

As it relates to social issues, there's a huge amount of division in our country around issues of gender and race. I mean, the Supreme Court of the United States, the next term is all going to be about race. It's going to be about voting rights. It's going to be about education. Our country is more divided. I think we haven't had the kinds of leaders like Dr. King who stress our commonality. But I am still optimistic. And ultimately the reason I'm optimistic is when I talk to my children, I think their generation sees the mess that my generation, the baby boomers, left behind, and I think they're not wanting to go down the same road. So the reason to be optimistic, I think, is the values of younger people.

SAFIAN: Well, Ken, this has been great. Is there anything that I haven't asked about that I should have? Anything that we haven't touched on?

FRAZIER: I just would close by, again, coming back to the idea that we are going through a massive change with the pandemic and all the social upheaval in this country and around the world. I think that you don't have to be a leader of a big company or a country to make a difference. I think we all have an opportunity in our own social circles to help bring people together. And I think these issues around awareness and empathy for our fellow human beings are really important right now.

The number one thing that I hope that we will think about in this country as individuals and as a society is how can we be kinder to the most vulnerable people? Because coming through the pandemic, we've seen so many people suffer and so many of those people do work that we depend on them to do. So I hope that we are more kind and

thoughtful about the most vulnerable in our society. And I want to thank the audience for their generous listening.

SAFIAN: Well, thank you, Ken. This has been great. Thanks so much for doing it. I enjoyed it. I could keep talking with you all day. I hope we'll get a chance to talk more again in the future.

FRAZIER: Same here, Bob. All the best.