

## Masters of Scale: Rapid Response Transcript – Ken Chenault

“Why business must be a force for good”

[Click here to listen to the full Masters of Scale: Rapid Response episode with Ken Chenault.](#)

**KEN CHENAULT:** In a crisis, reputations are made or lost. If you don't have core values and beliefs, you fold. Trust is so important in a crisis. Because people are scared. I went through different crises, there was a mantra that I still think about every day: define reality, give hope.

We have a responsibility and an obligation. When people say to me, "Business should stay out of society," I reject that. If we're going to prosper in the long term, we need a very strong society.

I was very cognizant of the fact that I was Black in a sea of white. There has to be a recognition that race is America's greatest unsolved problem.

"This is not political. This is non-partisan." And my view is, frankly, if you can't stand up for that, I don't know what you stand up for.

**BOB SAFIAN:** That's Ken Chenault, chairman and managing director of investment firm General Catalyst and former chairman and chief executive of American Express.

Ken is among the most prominent and respected executives in all of business, and one of the few longtime Black CEOs at the top of corporate America.

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, during the past year, he's been an outspoken advocate for business leaders to actively engage in societal matters.

After George Floyd's death, he and Merck CEO Ken Frazier launched OneTen, an initiative to create 1 million jobs for Black Americans that now includes dozens of major brands from IBM to Nike to Walmart.

In 2021, Chenault has pushed corporate chiefs to use their companies' leverage to protect voting rights.

Ken's unassailable success as a leader gives each nuance of his words and his perspective a special resonance. And his passion and conviction are riveting.

**[THEME MUSIC]**

**SAFIAN:** I'm Bob Safian, and I'm here with Ken Chenault, managing director of General Catalyst, and former long-time CEO of American Express. Ken, thanks for joining us.

**CHENAULT:** It's great to be with you, Bob.

**SAFIAN:** So we are living through an unprecedented era, unprecedented change, challenge, opportunity. You led American Express through 9/11, and the great recession, two intense crises. And during the pandemic, leaders from all over, we know, turned to you for advice. Brian Chesky, the co-founder and CEO of Airbnb, was on this show just a little while ago, and cited your counsel. What lesson from your experiences was most valuable over the last year that people asked you about the most? And I guess what's different this time around?

**CHENAULT:** Every crisis has different characteristics. But I think what is very important in any crisis is one, you have to, in fact, put people front and center.

What's also very important in a crisis is what is the core mission of the company? How are you using the mission of the company to, in fact, give context to the strategies and tactics that you're putting in place? And very importantly, are you dealing with the short-term issues against the backdrop of the values of the company? Are you taking the opportunity in a crisis to understand what the impacts are on the business in the moderate to long-term, and are you selectively investing?

Those are some of the key points that I made to leaders, is that in a crisis, reputations are made or lost, and so what's very important is you have to say to your people, not just that you care about them, what are the actions you're taking that demonstrate it? You've got to be decisive, and you have to be caring. And sometimes people think that's contradictory. You need the hearts and minds of people as you're leading through a crisis.

**SAFIAN:** As I'm listening to you, it sounds in some ways like this is a clarifying moment, but some of these lessons are things we should be doing all the time. Right?

**CHENAULT:** That's what's important, Bob. Some of the actions have to be exaggerated during a crisis. The reality is you have to always be decisive, you have to be caring, you have to demonstrate integrity. But what happens in a crisis, these things are coming at you at such rapid speed, that if you don't have that in your core – and I think that was very important about, for example, Brian Chesky at Airbnb, was that what we talked about was he really focused on what was the mission of Airbnb, the importance of his people. But at the same time, he was decisive. He took painful actions. But he did that with caring.

**SAFIAN:** And I guess as the speed of these decisions and challenges come, the stress rises, right? And so if you have that core to fall back on, you know where to go, at some places, maybe when there isn't that core, the stress heightens the need for finding that mission?

**CHENAULT:** You are absolutely right, Bob. At the end of the day, if you don't have those core values and beliefs, if you don't have a clear understanding of the mission and the strategic framework of the company, in a crisis, you fold, your behavior becomes erratic. And trust is so important in a crisis, trust from your people, your employees, trust from your board, trust from your investors. Because people are scared. I went through different crises, there was a mantra that I still think about every day: define reality, give hope. How am I defining reality, which is very difficult in normal times, but particularly challenging in a crisis? And then, what are those areas that I can emphasize that can make people hopeful? What are the strategies? What are the tactics that I'm putting in place?

**SAFIAN:** So on top of the public health crisis that we were dealing with, with COVID-19 and the pandemic, we also had a racial justice crisis that layered on top of it. We're now a year after the murder of George Floyd. There were so many instances of violence against Black Americans and have been for a long time. Do you remember where you were when you first heard about George Floyd and what you did?

**CHENAULT:** Yes, I was in New York, and I certainly talked to my wife, Kathy, I talked to my two sons, and I talked to some good friends. And Ken Frazier, the CEO of Merck has been a close friend since law school. And the afternoon and the day after, we talked about what we could do.

And what we thought was the focus should be on jobs, not to the exclusion of criminal justice and a range of issues. But we said, "This is an area where we could have an impact." And then as we talked about it more, we said, "Clearly, we're focused on opportunities for Black Americans at every level, but the segment that we think is very challenged is the group of African-Americans, which is very large, that do not have a college degree or did not finish college. And what is it that we could do in job training and upskilling to, in fact, create a million jobs in 10 years?" So that was the founding mission of OneTen.

Then, we quickly called Ginni Rometty. She thought it was a great idea. She came aboard, Kevin Sharer, Charles Phillips, and we now have 50 companies that have signed up for a 10-year commitment. Post George Floyd, there have been a lot of proclamations. What's going to be very important is what are the actions that are being taken? There has to be a recognition that race is America's greatest unsolved problem, and we've got to have a sense of urgency. And also, at the same time, we have to have a long term commitment.

**SAFIAN:** Is there, I don't know, more opportunity, more pressure, or more recognition by businesses that they have to get involved in issues like racial justice and racial equity than there were when you first became CEO of American Express? I mean, the climate for what the role of a business is has shifted a little bit.

**CHENAULT:** It has shifted. One of the things I would say, Bob, and not to boast, but I've said over the last close to 15 years, that corporations exist because society allows us to exist, and we have a responsibility and an obligation.

And one of the things that I point out is, yes, the role of corporations has evolved, but I'll give you an example. IBM, Tom Watson, founder of IBM, in the early '50s, came out against separate but equal. And so, when people say to me, "Business should stay out of society," I reject that because I have a long term perspective for companies. And if we're going to prosper in the long term, we need a very strong society.

So yes, we can't speak out on every issue, but for example, the issue of voting rights, what is more fundamental? That's the lifeblood of our democracy. Just think if more businesses had followed Tom Watson and IBM and condemned separate but equal, but also said, "We're actually going to hire Black employees." We would have been a more advanced society than we are today.

Let's be very clear, business gets involved in issues that affects their business and has a broader impact on society. But yet, some of these same people are saying, I don't want to get involved in the broader society. But I'll get involved in issues that affect the broader society, as long as it helps my company alone." That doesn't work.

**SAFIAN:** There are some businesses, some CEOs, recently Coinbase, Basecamp, other things, they sort of dictated that the workplace isn't an appropriate environment for having those discussions. Do you disagree with that?

**CHENAULT:** Yes, I do. Let me be very clear. I don't think the workplace is one where you're getting into arguments every day, and you're not doing your work. The priority clearly has to be: you do your work. But to, in fact, say, "I don't want you at your break to, in fact, engage in talking about issues aside from work," I just don't think that's appropriate. Are you telling me I can't talk about my family? I can't talk about things I believe in, that I'm passionate about.

What I would ask people who take that position is I hope you then remain consistent that you will not talk about broader issues that will benefit your company. You cannot have it both ways. And I don't believe in that type of censorship.

**SAFIAN:** You mentioned that after George Floyd, you spoke to Ken Frazier, and it sort of led to the creation of OneTen. Earlier this year, you paired up with Ken again to organize an open

letter about voting rights, and you got hundreds of companies and executives to sign. How did that come about?

**CHENAULT:** Yeah, so a few days before the statement, as we became more aware of what was happening in Georgia and then other states, we frankly said, "We've got to do something."

And we had the idea that what we wanted to do was, in fact, to write a letter to corporate America and say that voting rights is fundamental to our democracy. We believe in capitalism, we believe in our democracy, but the lifeblood is voting rights.

What we also said is for Black Americans, the path to voting was a tortured path. People were killed for protesting the right to vote, the need for the right to vote. But for all Americans, this is a fundamental right.

And I think what was particularly impactful is that corporate America responded resoundingly. And who would have thought literally in a matter of days, hundreds of people would come together in major companies from every industry sector?

And clearly, there were some people who said, "Boy, we're concerned that this could be political." We said, "This is not political. This is non-partisan, and this is a fundamental American right." And my view is, frankly, if you can't stand up for that, I don't know what you stand up for.

**SAFIAN:** Before going into business, you were a lawyer. You thought about going into civil rights law. Now, you've kind of come full circle. You are an activist from a corporate perspective in some ways now. Was that a conscious harking back? Were you always thinking, "I'm going to get back there?" Or is it something that sort of came to you?

**CHENAULT:** Yeah, what I would say, growing up, I just wasn't exposed to business, so that wasn't an aspiration for me. I never dreamed about being a CEO. But as I look back, I clearly wanted to make a meaningful difference in people's lives. Consciously, what I did think about in my mid-20s was business as the next civil rights frontier and that I could play a role. Let me be very clear, I was focused on winning in the marketplace. That was very important to me, but I also was focused on bringing about a change. I was very cognizant of the fact that I was Black in a sea of white and that there was an opportunity. I think what I feel very good about is not just my business successes, but the fact I think I made an impact on people at American Express and outside of American Express.

I think I had an activist mentality, and I had this as a mission for American Express, to be one of the most respected and admired companies. To be an admired company, it meant that we had to embrace all types of people. I just believe that corporations can be a force, and I really do mean this, a force for good, and they can also be very successful.

People would say, "Well, Ken, that's a contradiction." I would say part of what we need to do as leaders is we manage and lead through seeming contradictions.

**SAFIAN:** Before the break we heard General Catalyst's Ken Chenault, the former CEO of American Express, talk about dealing with crises, and how business can be a force for good.

Now he talks about what it means to be admired as a company and his definition of success. He also shares four pillars of what he calls responsible innovation, and offers lessons about brand-building, character, and the importance of truth.

I think there are some leaders now, maybe always, who worry that getting involved in social issues or political issues will alienate some portion of a prospective customer base, or employee base, or shareholder base. Did you think about that?

**CHENAULT:** Sure. I think what's important is, in managing a business and in making some tough decisions, you always risk alienating some group. You always risk it. For example, I didn't get involved in endorsing candidates who were running, because I just didn't think that was the role of business. However, issues that impacted people, so in the '90s, same sex benefits, health benefits, that was important. That wasn't a political issue. That was an issue, if we're a company that's embracing all types of people, that's something we have to speak out on, and we have to act. That's where I look at voting rights, and there are certain environmental issues.

I took positions on a range of issues. There was a major case, the Grutter case, which was an affirmative action case in Michigan. I got a number of CEOs to file an amicus brief, and also, the U.S. military filed an amicus brief. Generals filed an amicus brief. In the world we live in today, people would say, "Oh my gosh, what are you doing?" There were a number of companies that said, "Ken, we can't do it, because we're concerned about the fallout." That, to me, is a cop-out.

**SAFIAN:** Well, it sounds like, too, you thought about your role as being a, I don't know, I don't want to say a model, because that's almost too narrow, but it's more like an opportunity for impact in whatever environment you might be in.

**CHENAULT:** Yeah, I think, Bob, that's right. I do want to have impact. I want to make a meaningful difference in people's lives. Whether it's in business, whether it's in my personal life, my philanthropic endeavors. If someone tells me that making a meaningful difference in someone's life is incompatible with being successful, then they don't really understand what success is, because I'm an incredibly competitive person in business. But again, I want to win the right way, and I want to win in an enduring way. That's what's important to me.

**SAFIAN:** You co-wrote an op-ed recently about responsible innovation, about being aligned with society. To what extent was this a response to how technology, like social media, has impacted public discourse in politics or broader unintended consequences?

**CHENAULT:** Yeah, it's much broader. My partner, Hemant Taneja, who's managing partner at the firm, we've talked about the role of technology and the fact that technology needed to act more, if you will, with a mindfulness of impact, and given the advances in technology, the advances in AI and machine learning, we should be in a position to better anticipate different issues. No one's going to be perfect, but at least have a framework. What we're saying is that responsible innovation should be integrated into the way you conduct your business. For startups, from the beginning, and venture capital firms, from the beginning, as we do financial due diligence, we should do social due diligence.

We came up with four pillars. One is economic opportunity and inclusion. What do we mean by this? Truly, innovative technology leaves no group behind or marginalized. Think through, what's the impact of this technology on different groups? Second pillar was the environment and sustainability. We've got to insist from the outset and by design, the operations and products that are sustainable and really serve the wellbeing of people and the planet. The third was openness and diversity. No one sets out to say, "I'm going to create a company that will do bad things to people." The fourth pillar was privacy and safety. You think about this, customers don't want to be treated like a product or be regarded as just users. I mean, I have a real problem when people say to me, "Well, here are my users." What does that mean?

We've got to be more customer-centric. We've got to understand how we are using people's data, how that data is being potentially misused. And so we're frankly here on a crusade, and we think this concept of responsible innovation is something that we're going to really focus on within our firm, but also outside our firm. And we think that there are a number of founders that this philosophy is going to resonate with.

**SAFIAN:** And this philosophy, there are moral elements, but it's not just about morality. This is good business for building a long term modern organization.

**CHENAULT:** That is right, Bob. We want to work with companies and founders that want to endure. We want to be very successful in our investments. And we think the way to do that is to follow this. If people follow these four pillars, they're going to build a really strong business in the short, moderate, and long term.

**SAFIAN:** So I don't necessarily have to believe all these things with my heart. I can know them with my head and say, "This is the smart choice."

**CHENAULT:** That's right. You're absolutely right. And one of things I say to people when I talk about responsible innovation is, the great brands have very strong emotional

connections. Just think about the great brands. It's a cluster of values, both rational and emotional. So I want both, I want the rational, and I want the emotional.

**SAFIAN:** So, as you're mentioning new technologies, I just wanted to ask you, since you have such a deep history in the financial industry, about cryptocurrency, whether you have a perspective on what the impact of crypto will be?

**CHENAULT:** We do have some investments in crypto. I think it is emerging. I would say at American Express, certainly followed it, and we invested in blockchain, which we thought was very important.

I think what's going to be critical in crypto, ultimately, is going to be that people trust. And so part of what we've got to do is demystify crypto. Like any new category, there are going to be all the skeptics that are there. I think crypto is here to stay. It certainly is being used by a range of customer segments. And I think we're very much in the early innings.

**SAFIAN:** Well, Ken, this has been great. This year has been so hard, and there is so much opportunity and risk, as we talked about through this. What's at stake in this moment for businesses, for business leaders?

**CHENAULT:** Boy, I'll tell you, I think it's hard for me to separate what's at stake from what is happening in our society. And I think, Bob, what's at stake, and I think we all have to fight for this, is the truth matters. Character matters, our behaviors matter. What do we stand for? To me, that's what's at stake.

Business leaders, it is more important than ever that people see that we stand for something, that we have values, we have beliefs. I think what's also at stake is the need to have continued focus on innovation. I think that this philosophy of responsible innovation needs to be adopted. But I would say the most important thing to me is the quest for truth, character, and values.

**SAFIAN:** Well, Ken, thank you for sharing your values and your quest with us. I really appreciate your taking the time and being with us.

**CHENAULT:** Thank you. Really enjoyed spending time with you, Bob.