



KEN CHENAULT INTERVIEW
THE THREAD SEASON THREE

Ken Chenault, Businessman
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Interviewed by: Kevin Maney
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START TC: 00:00:00:00

ON SCREEN TEXT: Life Stories Presents

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KEN CHENAULT:

The thing I did the most of is I read biographies. I mean, just everybody. And that, while I didn't realize it, was sort of the foundation for my strong interest in leadership. And as I look back now, it was this belief, I think, that as an individual and a leader, you can make an incredible difference and impact.

ON SCREEN TEXT:

The Thread

ON SCREEN TEXT:

Ken Chenault

Businessman

Leading with Values for an Enduring Impact

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INTERVIEWER:

Okay. So let's start at the beginning. Where were you born and what was your household like as a kid?

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KEN CHENAULT:

So I was born in Hempstead, Long Island, around a 30-minute train ride on the Long Island Railroad to Manhattan. Hempstead was lower middle class town, more of a working class town. And my father was a dentist. My mother was a dental hygienist. So they worked together briefly, but then they worked separately. I think that was very helpful for the marriage. I had a sister and three brothers. And I think what was important about growing up was that my parents really pushed education. And they also pushed, very importantly, what I would say are core values. So values of hard work, values of integrity, the values of treating people with respect. And giving back in our society. And I think I was, in many ways, molded by my parents and my family life. But also, I think, I was very fortunate to grow up at the height of the Civil Rights Movement. And one of the points that I make is that I was born in 1951, which was four years before *Brown v. Board of Education*, which totally changed my life. If not for *Brown v. Board of Education*, didn't matter how good I was, I think it had been very difficult, near impossible, for me to achieve what I was able to achieve. But having that experience of the Civil Rights Movement, the Black Power Movement, the anti-Vietnam Movement.

That was really important in my development, and I think built a very strong social conscience.

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INTERVIEWER:

Were you aware of that, even as a kid?

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KEN CHENAULT:

Yeah, what was interesting is, one of the things that would come to the house was LIFE Magazine had a book. And it was 1951, 1952, 1953 and pictures told a pretty amazing story. And I remember, when I was five years old, I saw a demonstration and it was amazing to me that I clearly knew these are Black people and I remember talking to my parents about that, and I think it was really important as they sort of sat me down. And I think that was part of the reality of growing up as an African-American, that racism was real. But at the same time, they also talked to me and my siblings about the fact that, with the right education and the right focus, that we could overcome and they exposed us to a number of role models that I think was incredibly helpful in our development. I actually had the good fortune, three times growing up, to see Martin Luther King. One, he was speaking at a venue that housed probably around 5,000 people in West Hempstead and the whole family went to see him. I just remember being in awe and then literally six months later, he was visiting Hempstead and I saw him get out of his car and sort of mingle with people. And then the last time, which was very poignant and impactful, was I



saw him and speak at a church in Rockville Center, a neighboring town three weeks before he was assassinated. And in his remarks, he gave these very famous lines that I may not get there with you, but I've been to the mountaintop. And those words have never left me.

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INTERVIEWER:

Do you remember, you must remember, the news of the assassination and what an impact it was.

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KEN CHENAULT:

I remember I had just finished playing in a basketball game and heard the news and immediately started crying. And it was such a shock. And I'll never forget, I went to a- a private school in Garden City, Long Island. And I had two brothers who were at the school with me. My sister was at another school. And we went to see the headmaster of the school. And we asked him to have a ceremony and he initially resisted. And I was very proud of all three of us that we were very insistent that that happen and he relented. And we had a ceremony for the entire school. And I spoke and talked about the meaning of Martin Luther King to me, but also the meaning of Martin King to America.

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INTERVIEWER:

You were how old?

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KEN CHENAULT:

I was, I have to remember, I think I was 13 years old.

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INTERVIEWER:

Wow. You were very self-possessed at 13.

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KEN CHENAULT:

Well, you know, one of the things I think, again, growing up at that time, I think you had to grow up pretty quickly. And I was very aware of the fact, for me, that I lived in multiple worlds. So in Hempstead, I lived in mostly a Black world, when I went to Garden City, I lived a white world. And I think what was important is it gave me the ability to be very fluid, but at the same time to understand what my core values and what my core beliefs were.

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INTERVIEWER:

Who are you more like, your mother or your father?

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KEN CHENAULT:



I think I'm really a combination. You know, my father, as I said at his funeral, was the most determined person that I'd ever met. He grew up in a place called Mount Healthy, Ohio. And he decided, because he'd gone into Cincinnati with his family, he saw what looked to him to be a prosperous Black man walking down the street. And he saw him get into a nice car. And he inquired, went up to him, what do you do? And the person said, I'm a dentist. And so he was 10 years old and he said, well, I want to become a dentist and he had an athletic scholarship and an academic scholarship to go to Ohio State. And you've got to remember these times. This is the early 1930s. His father said, now I want you to go to Morehouse College, which was a Black school in Atlanta, Georgia. And he said, I want you to understand who you are and I want you to have a community. And my father said it was an incredible decision. His father didn't graduate from high school, but I think, as my father says, was sophisticated enough to understand the challenges of a Black student on a white campus at that time and he wanted him to be involved in all activities. But my father had this, he was no-nonsense. He was all about. You got to succeed. You got to win. My mother had a real bearing about her and had really good judgment and could read people incredibly well. And I'll just tell you this story because I think it illustrates the level of sophistication, of understanding, and preparing me for how to operate in our society is, I was on the bus and I was acting up on the bus, and I was tossing a ball with somebody else on the bus and people told me to stop obviously, we didn't stop. And this kid said, stop it, nigger. And I like stunned. I mean, I didn't know how to respond. I went home and immediately told my mother. And my mother said, here's what I want you to do. When you take the bus and



go home, I want you to walk up to this kid, look him in the eye and tell him you're a white cracker. And I said that. And when she said it, she said, it was such force. And I set it and the kid burst into tears. Well, that evening, a teacher calls my mother and says, how could you do that? How could you have your son say that? My mother said, my son's nine years old. I will not have my son be defenseless. I'll explain to him how we should act in a more sophisticated way, but right now, my son's self-confidence is what's most important. And so my mother was someone who was compassionate, who was caring, but there was a steal and so I think I really have tried to take the best characteristics of both.

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INTERVIEWER:

That's a great story. Sounds like an amazing woman.

KEN CHENAULT:

Yeah, she was.

INTERVIEWER:

You talked a little here about going to a private school, that that was one of the most important things that happened to you because of the education you got.

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KEN CHENAULT:



Yes, so Waldorf Schools is a Rudolf Steiner School in Manhattan, but it's a very large movement of schools. And the focus is on the heart, mind, and spirit. And while I didn't follow the philosophy and don't follow philosophy, for me, it was ideal. The teachers were incredibly caring. They were really engaged. And at that time, again, we're talking about the 50s and the 60s. They really gave me the opportunity to be fully a part of the school and nurtured a thirst for learning in a kid who was very undisciplined, did not do well in school, but I read a lot and I studied a lot of different subjects, just things that were taught in school. Fortunately, by my sophomore year of high school, I really started to apply myself. I was class president each year and captain of the soccer team, basketball team, track team. And I started to do things in the community, in particularly working with young people, even when I was in high school. The time that I entered college, Bowdoin had its first influx, really, I think I had 70 Black students in my class, which was pretty significant at that time. And all the number of schools were increasing their enrollment. But it was a time of not just academic learning, but reflecting on, did I really wanna be part, at that time, you talked about the system. Do you wanna be in the system or do you wanna out of the system? And what I concluded by my senior year is I think we've gotta reform the institutions from within rather than outside.

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INTERVIEWER:

You ended up going to law school. When did you start thinking like, I'm gonna go into law school?

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KEN CHENAULT:

I went to law school, in all honesty, because I wasn't quite sure what I wanted to do. What was really powerful about my Harvard Law School experience is the opportunity just to really meet with some really interesting people from all walks of life. And again, I think what's important is people have said to me, well, when did you decide you wanted to go into business? And I didn't really, I actually thought business people were pretty stuffy. They were not particularly caring people. What happened was I was talking to a friend who had a joint degree from Harvard Law School and Harvard Business School. And he was at a consulting firm called Bain which had been in existence maybe for five years, four or five years. And I did some research on my own. And I wrote five of the major consulting firms at that time. Everybody rejected me. I mean, I wrote them this letter. And again, I didn't go to anyone for advice because I didn't really know. And I said, look, I went to law school. I'm really intrigued by strategy and what you're doing. And I think I'm a quick learner. I think I can relate to people well. And I understandably, a number of the firms that give me a break. But Bill Bain decided I'm gonna hire two or three lawyers and two or three medical school graduates and teach them strategy. So the timing was perfect. I was hired. And I was given a bunch of accounting books to study at night. And one of my jobs was to interview the client and try to understand what were the key issues they were dealing with. And I was drinking from a fire hose. I really say my experience at Bain was like an MBA program on steroids. One of the things I say now is, and I



wouldn't characterize it probably at that time, but now that I'm all involved with startups, Bain at that time was like being in a startup. They were the renegade. They were up against the established consulting firms and there was a swagger. There was energy. There was a drive. And it was exhilarating. And I was incredibly driven and excited about what I was doing. And then I get a call from an executive recruiter saying American Express is looking for someone in planning. Would you be interested? And I said, well, I don't think I'm interested in working necessarily at American Express, but I'm really interested in this joint venture that they're doing with Warner Cable. And so that was why I took an interview. And as luck would have it, the person that I interviewed with was Lou Gerstner, the legendary Lou Gerstner, who became president of American Express. And Lou was the person in charge of the Warner MX joint venture. I joined American Express in 1981. The reality is I never really got the opportunity working for this cable joint venture, but I'm working on a number of really interesting strategic projects. And I'm doing this for two and a half years. Pretty ambitious. And I've been offered two or three promotions, but the jobs weren't that interesting to me. Someone told me about an opportunity in a business unit called Merchandise Sales. Think about pre-Amazon. This is a unit that sold almost all categories of merchandise through the mail to card members. And there was something about the business that was really appealing. It was not doing well. Sales were sluggish. Profitability was mixed. I remember going to Lou Gerstner and saying, I'm gonna take this job in Merchandise Services. And Lou said, Ken, look, you're doing well. I'm thinking you should go into the card business, which that was the hot ticket. And I said, I don't really wanna do that. Card



business, people seem to me to be on automatic pilot. I wanna go into this business. And Lou says, well, there's a problem. What's the problem? So I'm thinking about closing it. And I said, well, at least let me go in and see what can be done. And he said, all right, you got 90 days. So I was head of marketing. After close to 90 days, we present Lou with a strategy, which he liked. And then 30 days later he fires the person who's running Merchandise Sales and the question is, who's gonna get the job? So I'm interviewing against two or three really more experienced people. But I have at least knowledge of the strategy, which I'd led the development of. And one of my peers who was being considered for the top job in his interview said, the best person for this job is Ken, which is pretty incredible for a large company and a terrific person. And so I took the job. And I would say from a business standpoint, that's where I came into my own because I was running the entire business. It was technology, customer service, marketing, legal, everything. And I loved it. I absolutely loved it and then I put together this strategy for creating a direct marketing division for American Express. Took it to Aldo Pappone, who was a really incredible mentor to me, who was running a large part of the business and Lou Gerstner and they agreed. They said, we're gonna form this division. Next thing that happens is, Aldo tells me we're gonna put someone else in his charge of the direct marketing division. I said, but that's my idea. I came up with this idea. They said, no, well, what we wanna do is we're going to move you into the card business. So I'm in my early thirties and I said you know what, I quit. This is what I spent all this time. I've been working 24 by seven to get this and they're telling me I can't have it. So I get a call from Lou Gerstner and Lou says. Talk to me. You know,



what's going on? And he said, I think that if you ever wanna think about running a company like this, you gotta be in the core business. And so you got a choice to make. You know it was not a friendly conversation. And I listened and went into the card business and I think what's important is everybody has choices. It wasn't that my love of the direct marketing division wasn't important, but I think what was critical was it was a bigger world for me. And so it was not that I was forced to do it, but one of the things that I saw that Lou convinced me of, there was a much bigger world and I was immature and it was stupid to quit.

INTERVIEWER:

So when you go into cards, what are the significant things that happened there?

KEN CHENAULT:

The job that I was given was to be executive vice president and general manager of what was called the premium cards division, which was really the gold card and the platinum card. I'd never done broad scale advertising before. I'd done direct mail. It's a big difference. Putting together a brand campaign was something that was very new to me. I'm really focused on how you build enduring companies and American Express is one of the great enduring companies. But I also believe you've gotta innovate. And one of things I would often say in the company is we wanna become the company that will put us out of business. And what we need to do is we always need to look at what are our customer needs? How are they being satisfied? And

what are innovative solutions to meeting their needs? And that's where we developed the idea of membership miles, which became membership rewards. And so for membership rewards, this program has now become a pillar of the American Express business. I think it's fair to say there would not be a powerful, enduring card business without membership rewards. So this is a service that has lasted for over 25 years, which is pretty amazing.

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INTERVIEWER:

I wanna ask you about 9-11. You're CEO of American Express. Your offices are right in the shadow of the towers. What happened and how did you handle it?

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KEN CHENAULT:

So, Kevin, during 9-11, that was my first year as CEO of American Express. The day of 9-11 obviously is etched forever in my mind. I was looking at television, looking at the news. And then I had a conference call with people at our headquarters building who were in a conference room facing the World Trade Center. I was in Salt Lake City, Utah in my hotel room. I turned the sound off, still had the news on. And you saw the plane coming in, obviously people screaming in the conference room. And I'm alone in my hotel room. What had been fortuitous was that we had done an evacuation drill several weeks before. And so the team, the security team, was well-prepared to handle it. And. It wasn't until the afternoon that I was able to get to some of the members of my team. And at the same time, I decided



late in the morning. I should go to the operating center in Salt Lake City and talk to the employees there, which I did. I tried to obviously get back to New York City. You know, there was no way they were allowing any planes. And it wasn't until the second day that we were able to get a plane to go back. Didn't know the extent of the loss of people, but it was becoming clear that, you know, hundreds of people had perished. We'd gotten reports that we had employees that were in the North Tower and obviously couldn't be located. And part of what I said that needed to be done in the morning was to set up a process to identify every American Express employee around the world, as well as obviously in the tri-state area. Second thing was from a customer service standpoint, again, it was difficult. I couldn't give commands of here's, you should waive fees, you should do the following. Help people when they're traveling. That's where the culture of American Express came out. And one of the things I'm most proud of, and I say to people is when they say, boy, you provided strong leadership. I said, we really benefited our people or the leaders. They made decisions to waive card fees to in fact help card members and non-card members who were having trouble arriving at a destination or needed to be at a hotel or needed to talk to family members. It was unbelievable how the service force mobilized around the world. And then one of the things I did in the early afternoon was realizing that we probably would not be able to return to our headquarters building was to try to get real estate space. I mean, those were some of the practical things, but the most important thing, and I think fundamentally in leadership when you're in a crisis, is what was the biggest priority? Well, the biggest was our people. Our people and our customers. That was the biggest priority. It was not the



bottom line. It was how do we take care of our people and how do we take care of our customers and could we help non-customers? And that really was the focus. And after several weeks, I decided I needed to get people together physically. And we had roughly 5,000 people in the tri-state area, and we had a meeting at Madison Square Garden. I said, I don't wanna really do a speech. I just gotta talk to people. And what I did was talk to people extemporaneously. I talked to them about what my beliefs were. I said American Express is not represented by our building, it's represented by our people. I obviously first talked about the 3,000 people that were killed and the 11 employees that were killed. And it was very emotional. I got several hundred emails from former employees and current employees talking about both what happened in 9-11 but that day in Madison Square Garden. And part of leadership is how you impact people. Not just how you impact the business. And that was a time where I certainly did not have all the answers of what to do, but I really learned the importance of relying on your core beliefs and values.

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INTERVIEWER:

So you left American Express and you did something pretty unusual for somebody who comes from a job like that as you joined a venture capital firm. Can you talk about how that happened and why you did that?

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KEN CHENAULT:



Sure, so I think really what's important is I really did not know what I would do after I left American Express. 17 years as a CEO of a large public company is a long time. And the last thing I thought I wanted to do was to work full-time. But I met David Fialco and Joel Cutler and we talked about a lot of things. We'd talk about what was happening in the startup world, the role of technology, the importance of values and beliefs. And what became clear to all of us, fortunately around the same time, was that there was a role for me at General Catalyst. And I've told people, you know, one of the questions is do you miss it? Being CEO, and I loved being CEO of American Express. It was really meaningful and it was a real privilege. But I love what I'm doing now. I couldn't be happier, couldn't be more motivated, more excited. Because I think what we're doing at General Catalyst is I think we're really redefining, we're transcending venture. There should not be a conflict between profit and purpose. It's challenging to do, but it shouldn't be a conflict if in fact the ultimate objective is you want to build an enduring company or in fact you want to have an enduring impact. And what I want is I want to have a meaningful impact on people's lives, as many people as possible. That to me is the greatest legacy. And that's what I wanted to do at American Express. I think that at General Catalyst, I had that realization very early on that boy, I could do it at scale.

