Ken Chenault on Why CEOs Shouldn’t Lose Their Nerve

The executive known for coolheadedness reflects on leading American Express through 9/11, the rudderless evolution of AI and why every CEO needs a moral red line.

By Holly Peterson



Annie Leibovitz

I’d wager that not many of us at age 11 ran to the Sam Ash store after school to listen to Beethoven’s Fifth. But a young Ken Chenault did just that. So it follows that he remembers his neighborhood basketball partner Julius Erving (yes, the future Dr. J) like so: “What I liked about him is he wasn’t a one-dimensional jock. He was an intellectually curious guy.”

In a new memoir, “Equal to the Task,” Chenault, now chairman and managing director of the venture capital and investment firm General Catalyst, writes about being raised in Hempstead, Long Island, where he attended private school. After graduating magna cum laude from Bowdoin, he earned a law degree at Harvard and worked in law and consulting before joining American Express in 1981. Twenty years later, at 49, he became CEO, among the first generation of Black executives to lead a Fortune 100 company.

During his tenure from 2001 to 2017, Amex shares rose 195% (compared with a 131% rise in the Dow). Chenault prioritized affluent, high-spending customers over card acquisitions, generating more revenue per card.

Despite his financial success, Chenault is perhaps most admired for his calm and composure in the face of crisis. Six months into his tenure, in the summer of 2001, he guided American Express through its junk-bond drawdown.

Two months later, he faced a saga that rattled the entire world: the attack on the World Trade Center. American Express's lower Manhattan headquarters at 200 Vesey Street was adjacent to the falling towers; 11 employees perished, and the building was badly damaged. Standing atop a desk in a temporary New Jersey office 48 hours later, Chenault reassured his shaken employees. On Nov. 30, 2001, with downtown New York still largely abandoned, Chenault formally announced the company would return to its original headquarters.

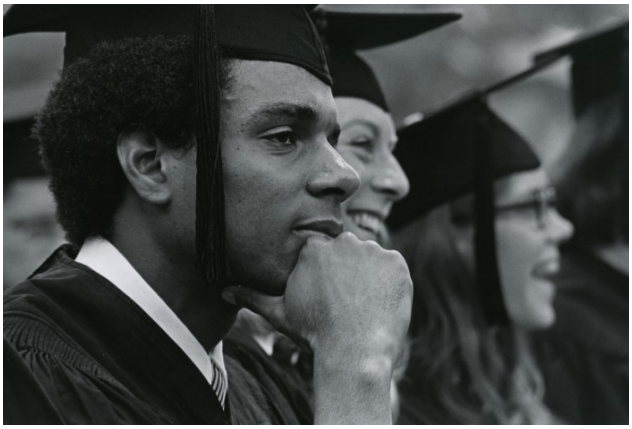
During the interim, at a team-building event**,** a colleague challenged him: one shot to sink a 3-pointer. "I knew we'd turned a corner," he recalls. "People were releasing the pent-up emotion post-9/11. The moment the ball left my hands, I felt the shot was good. It arced toward the basket, then—*swissshhh*."

At age 12, did you ever feel like you and Julius Erving could go pro, perhaps as a duo?

We had these magical moments playing together where the symmetry was there. I was a very good outside shooter, but he moved with a really fluid style. Sure, like most boys, I fantasized that I might play pro basketball. I had the thought, "Hey, who knows."

At 11, you were listening to Beethoven's Fifth. My son was a tad more into Call of Duty at that age.

I heard the symphony first at school. It gave me a feeling of power. I felt a sense of purpose in it. I was a daydreamer, and so there was something majestic about it, and it really resonated with me.



Chenault in 1973 at his graduation from Bowdoin College. George J. Mitchell Department of Special Collections and Archives, Bowdoin College Library

You advise people to network off their performance—but what I think that means is don't suck up without merit. How can you tell the difference?

Someone who is networking on merit makes a comment to me after a speech I made and says in a real way, "This caused me to think about this issue and expands on the idea, or challenges me on the idea," and exhibits a quality of thinking that says to me, "Wow, that's someone who is real." What I look for is that spark, that engagement, not platitudes or compliments. In business and in life, most people go along with the status quo. The people who catch my attention are willing to step out there with an idea, a concept or an analysis that makes you say, "Whoa, wait a minute, that person is really unique."

Do you have a neurotic spark that makes you work hard? Where does your drive come from?

I wouldn't say it's at all related to neurosis. Sure, success and money count. But at the end of the day, what motivates me is being on a mission. I devoured these Norse mythology books as a kid; what inspired me was these gods who had a purpose. Maybe my drive is caught up in relevance. But that drive is innate in me, and I know the things that really excite me are not just the challenge, but "what's the purpose?"

You write about a persistent social divide between Black and white people. I've noticed that at cocktail parties or dinners, if a Black person mentions they went to a great school or now work alongside someone prestigious, the white person might say, "Tell me, how did that happen?"

It is a very common thing. I hear this reaction as: "I've got to do my diligence, because there has to be some catch to this." Some people can't just imagine that there wasn't some special circumstance that allowed you to connect with this person.

When do you think that'll change?

I can see some differences with my sons and the people they've grown up around. But there is still often not a level of intimacy in relationships in general between Blacks and whites.

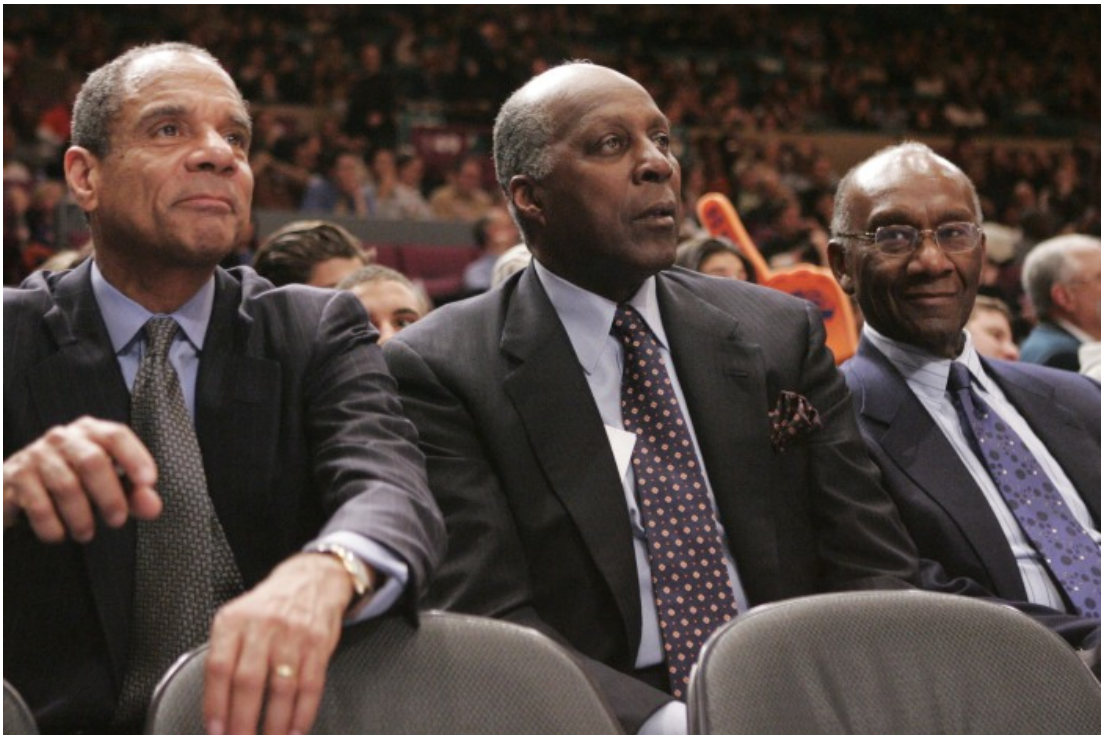
What's the impediment?

There's not the level of familiarity with each other. We humans seek comfort. Because of different experiences and limited exposure to each other, we need to share things that feel familiar. And if you haven't had ongoing exposure to each other in different life situations, then it's hard for some people to be comfortable.

Vernon Jordan was a board member when you helmed American Express. What was your relationship like?

We first bonded over a four-hour meeting where he shed his armor and was very vulnerable. He said, "Let me tell you my origin story and how I think about the world." He wanted to make sure

I understood that I stood on the shoulders of others. It didn't matter how good I was; I wouldn't have had the opportunities.



From left, Chenault, Vernon Jordan and former Ford Foundation president Frank Thomas watch a Knicks game at Madison Square Garden in 2006. Julie Jacobson/AP

You became CEO of Amex at age 49. What were you nervous about, if anything?

It wasn't as if I decided at 35 I wanted to be CEO of American Express. I thought I'd start my own company around 40. But by 40, I moved up even faster, accelerating my accomplishments, and I knew the probability that I could become CEO was increasing. Around two years before I was named, I felt prepared for the job. I entered not feeling arrogant, but feeling, "I think I'm ready for this." But I now realize you're never 100% until you're in the chair.

About six months after becoming CEO, you decided to take nearly $1 billion in pretax investment losses on American Express's junk-bond portfolio. Why did you choose to write down the investments rather than hold on and hope for a recovery?

I bailed because I decided that certainty of the situation was most important. Take the pain, take the *full* pain. I didn't want us to be distracted from other parts of the job, particularly the financial advisers. And so my view was: let's just set the mark, take it down, and move on. And I knew maybe in a few years things would be better.

It is a quintessential case study of a leader taking accountability for a crisis that you inherited. There was no playbook for this.

I said I was accountable in The Wall Street Journal. One board member spoke to me and said, "Look, some of the CEOs that I know, or former CEOs, think that it was crazy you would say

that to a newspaper." I understood that other people behind my back said, "He's obviously not ready for prime time." When I met our largest investor, Warren Buffett, in person, the first thing I did was apologize to him, and he said, "Stop right there. I read the article. You've answered all the questions. You were transparent, and if you said you knew what you were doing, then I would say you're either incompetent or a crook." At the end of the dinner, he said "I really like the fact that you took accountability because I know you inherited this, and that's the first time anyone said that."

Less than two months later, you led a company facing a national and global crisis we are still reeling from decades later.

The critical point in time when I felt the full pressure of the 9-11 moment was the [town hall meeting for American Express employees] at Madison Square Garden, because I was trying to comfort people and give them hope. I knew that if I didn't say the right thing, it would reflect poorly on my leadership and wouldn't give people the confidence that we could move forward. That speech went around the world. Anyone who was there said it was almost a spiritual moment. I'm very proud of it. I'd certainly put it in the top three or four decisions in my leadership history.



Chenault alongside George W. Bush in October of 2001 as the president addressed the media about the impact of the Sept. 11 attacks on the U.S. economy. J. Scott Applewhite/AP

Are you worried about AI?

Yes. I believe technology and AI can be a great enabler, but I think one of the failures of the technology sector and investment sectors is: what's the purpose of AI? One fundamental objective should be to dramatically improve human lives, so from a marketing and substance

standpoint, the way AI has been positioned and discussed is rudderless. What values are important to the evolution of AI? Those need to be articulated.

Where are the corporate statesmen these days? CEOs who serve society, who are concerned and vocal about public policy, rather than those who just seem to be enriching themselves and their shareholders?

Business exists because society allows it to exist. I think part of the problem is believing business is entitled to exist and therefore has no responsibility to society. In America, corporations are citizens too, and they have a responsibility, just as individual citizens have a responsibility. You have to ask yourself the core question: If our democracy falls apart, should businesses speak out? I do believe hundreds of companies and CEOs recognize this responsibility to broader society.



Chenault in 2010. Mark Lennihan/AP

Give me an example of when you spoke out publicly for the greater good.

Voting rights, for example. That's why I championed the issue and was able to get a number of companies and CEOs to support it. People have said to me, "Well, I believe in voting rights, but in this environment, I don't want to say too much," or "I believe in diversity, but in this political environment, I've got to be quiet." I've said, "Well, obviously it's not a core belief for you."

How do you determine those core beliefs?

The question I ask CEOs is "What's your red line?" In the last two years, people have become very uncomfortable with that question. When you're confronted, if you don't have an anchor in your beliefs, you'll rationalize and accommodate. As a corporate leader, you must demonstrate courage and integrity, defined as consistency of words and actions.

This interview has been edited for length and clarity.