

OpenAI's Board Decision: Delving into the Twists and Turns

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A year after one of the most influential and impactful product launches ever seen, OpenAI is still flying high. Its brand and reputation are at an all-time high, with a recent ChatGPT store launch the week of November 13th. All seems well at one of the most spoken-about and innovative companies in the world. As the end of the week nears, OpenAI releases a press announcement (exhibit 1) to their website that is set to shock many. According to the statement titled OpenAI Announces Leadership Transition (2023) the board has decided that Sam Altman will depart effective immediately as CEO of the company. The reason given for the drastic decision according to the announcement is stated as follows:

“Mr. Altman’s departure follows a deliberative review process by the board, which concluded that he was not consistently candid in his communications with the board, hindering its ability to exercise its responsibilities. The board no longer has confidence in his ability to continue leading OpenAI” (OpenAI, 2023).

After the announcement, a wave of speculation ensues, prompting calls for further explanation across various media platforms. Particularly on X (formerly Twitter), where the news generates a massive buzz. Following the announcement Sam Altman seemingly confirms the news with a post to X (exhibit 2). However, the dust has not settled, and what unfolds in the coming days is akin to a scene from a Silicon Valley drama movie. Employees, co-founders, investors, Silicon Valley icons, and board members are all bracing for a whirlwind weekend filled with unexpected turns and twists, spurred by this dramatic move by the OpenAI board.

Background and History

OpenAI was founded in 2015 as a non-profit research lab by Sam Altman, Elon Musk, Reid Hoffman, Peter Thiel, Greg Brockman, Ilya Sutskever and others. The mission behind the company's formation was 'to ensure that artificial general intelligence—AI systems that are generally smarter than humans—benefits all of humanity,' as stated on the company's website. In 2019, OpenAI's non-profit structure was altered to transition to a capped-profit model to allow for future venture investment and employee stakes. The same year marked the beginning of investment from major shareholder Microsoft, which, from 2019 to 2023, acquired a 49% stake in the company with an investment of around \$10 billion, according to TechCrunch (Wiggers, 2023). 2023 also marked the culmination of years of research and development in artificial intelligence with the launch of OpenAI's ChatGPT. The product

launch not only shocked the industry landscape but also resonated deeply with consumers. Its easy-to-use interface and almost magical answering abilities stunned many. ChatGPT experienced massive user adoption, as reported by The Verge (Porter, 2023). Within the first two months after its launch, the company set a record by becoming the fastest to reach 100 million monthly users, outpacing companies like Facebook, Instagram, and Snapchat. Furthermore, according to the article (Porter, 2023) in less than a year OpenAI had over 2M developers using its API, including a larger portion of fortune 500 companies.

Prior to the announcement that would rock the high-flying OpenAI its board consisted of Greg Brockman (President of OpenAI), Adam D'Angelo (CEO of Quora), Tasha McCauley (Senior Management Scientist, RAND Corporation), Ilya Sutskever (OpenAI Chief Scientist & Co-founder) and Helen Toner (Director at Georgetown University). The main leadership team of the company were Sam Altman (CEO), Greg Brockman (President), Mira Murati (CTO) and Ilya Sutskever (Chief Scientist). Star CEO Sam Altman was a revered Silicon Valley investor and entrepreneur with his startup Loopt and holding the position as President of Y combinator. Sam Altman had established himself as a prominent figure at the forefront of the AI boom, alongside his worldclass team of employees at OpenAI. In the weeks preceding November 17th, Sam Altman announced a highly anticipated developer conference heralding the next era of ChatGPT, featuring the introduction of an app store. The company stood at the forefront of the AI boom, with Forbes reporting in September 2023 that its valuation soared to approximately \$80-90 billion. The company had fostered considerable trust and built a strong reputation both internally among its employees and externally among investors, clients, users, and government institutions. With millions of developers building upon its cutting-edge APIs. The company was seen to be responsible, innovative and true to its mission.

The Incident

*Disclaimer: As OpenAI is a privately held company, the information regarding the incident is sourced from publicly available X posts and news articles.

The press release

It's been a bustling few weeks for Sam and the OpenAI team. The new ChatGPT app store has just been launched, and the company is experiencing an all-time high in user interactions. As noon on Friday, the 17th, approaches, Sam reportedly receives a text from Ilya, as stated in exhibit 3 by Greg Brockman, asking for a quick call. During this call, Ilya delivers a shocking revelation to Sam: he is being fired effective immediately. Later that evening, Greg also receives a call from Ilya, who informs him that he will be removed from the board but is still considered vital to the company and will transition to a new position. As both founders digest this shocking news, little is still known about the exact reasoning behind the decision. Later that evening the OpenAI released a press release (exhibit 1) from the board that reports that Sam has quote *"not consistently candid in his communications"* and thus *"The board no longer has confidence in his ability to continue leading OpenAI"*. The board also includes the announcement that Mira Murati (CTO) will replace Sam's as interim CEO. That same evening, Sam confirms the news on his X account (exhibit 2). Consequently, X explodes with speculation, and news begins to buzz around what has happened at one of Silicon Valley's hottest companies.

Speculation starts to spur

It's day two, and the buzz on social media is starting to create headwinds. Both internally and externally seemingly no one besides the board can understand the reasoning behind such a major decision. As quoted in the article on Saturday 18th by the NYT (2023) an open executive had told employees Saturday morning he had been trying to *"better understand the reason and process behind their decision"*. The article (Roose, 2023) highlights that both employees, investors and other stakeholders are unsure what led to the decision making. Speculation starts to spur as a result on X, stories of safety concerns, company structure and disagreements on commercialization start to pick up steam. An article by the WSJ (Seetharaman, 2023) highlights that the rapid growth and push for commercialization of AI may have been at the root of the issue. News also begins to spread that major investor and shareholder Microsoft, owning 49% of the company, was unaware of the decision, and CEO Satya Nadella is seeking answers. Sam posts a few posts on the 18th with one stand out post (exhibit 4) stating *"if i start going off, the openai board should go after me for the full value of my shares"*. Furthermore, he expresses gratitude to everyone for their support, as many major figures in Silicon Valley voice their backing of Sam. Day 2 is filled with speculation and concern both externally and internally about how OpenAI will proceed. How will this decision affect the future of developers, customers, employees, and Microsoft? There is much to be resolved in order to move forward.

Twists and turns

Sunday and Monday prove to be marked with major moves as the day starts with a photo (exhibit 5) posted to X by Sam wearing an OpenAI guest badge with the caption *'first and last time I ever wear one of these'*. It seems conversations are starting to take place on a possible return of both Greg and Sam. News outlets and speculation of X seems to confirm that the board is regretting their decision. However, as the day proceeds it is a rollercoaster of major further shack ups at OpenAI. Talks between the existing board and Sam are reportedly not going well. In a further surprise OpenAI announces that interim CEO Mira Murati has now been replaced with former Twitch CEO Emmett Shear. Emmet confirms the news with a long-winded post on X (exhibit 6) that outlines his 30-day plan. A notable aspect of the post highlights his uncertainty about the factors leading to the decision, stating, *"It's clear that the process and communications surrounding Sam's removal have been mishandled, seriously damaging our trust."* In a further twist to the story Satya Nadella (Microsoft CEO) announces to X (exhibit 7) the commitment to OpenAI as well as quote *'we're extremely excited to share the news that Sam Altman and Greg Brockman, together with colleagues, will be joining Microsoft to lead a new advanced AI research team.'* Now things are heating up internally. Employees are now threatening to leave OpenAI and follow Sam and Greg to Microsoft. According to an open letter (Times, 2023), over 90% of the company have signed the letter. The board now faces a difficult dilemma as the company's reputation and trust are at serious risk. On the platform X, employees are now sharing heart emojis (exhibit 8) along with the message *"OpenAI is nothing without its people."* To add to the list of growing issues, competitors are now actively seeking to recruit OpenAI employees. Salesforce, a competitor of OpenAI led by CEO Marc Benioff, announced in a X post (exhibit 9) that they will match any job offer and are actively encouraging staff to join Salesforce.

More and more it becomes clear that key decisions in the next week need to be made. The company is in dire need of decisive board actions to address its issues. Additionally, it needs to stabilise its relationships both internally and externally. As you gather for an emergency board meeting this Monday morning, the pivotal question arises: **In light of this dramatic situation, it's imperative for us as the board to identify the key challenges and action points. What is our strategy for communication to pave the way forward? What is the path forward to rebuild trust both internally and externally?**

Exhibits

01 - Press release: Click [here](#)

Blog

OpenAI announces leadership transition

November 17, 2023 [Announcements](#)

Authors
[OpenAI](#) ↓

Chief technology officer Mira Murati appointed interim CEO to lead OpenAI; Sam Altman departs the company.

Search process underway to identify permanent successor.

The board of directors of OpenAI, Inc., the 501(c)(3) that acts as the overall governing body for all OpenAI activities, today announced that Sam Altman will depart as CEO and leave the board of directors. Mira Murati, the company's chief technology officer, will serve as interim CEO, effective immediately.

02 - Sam confirms the news

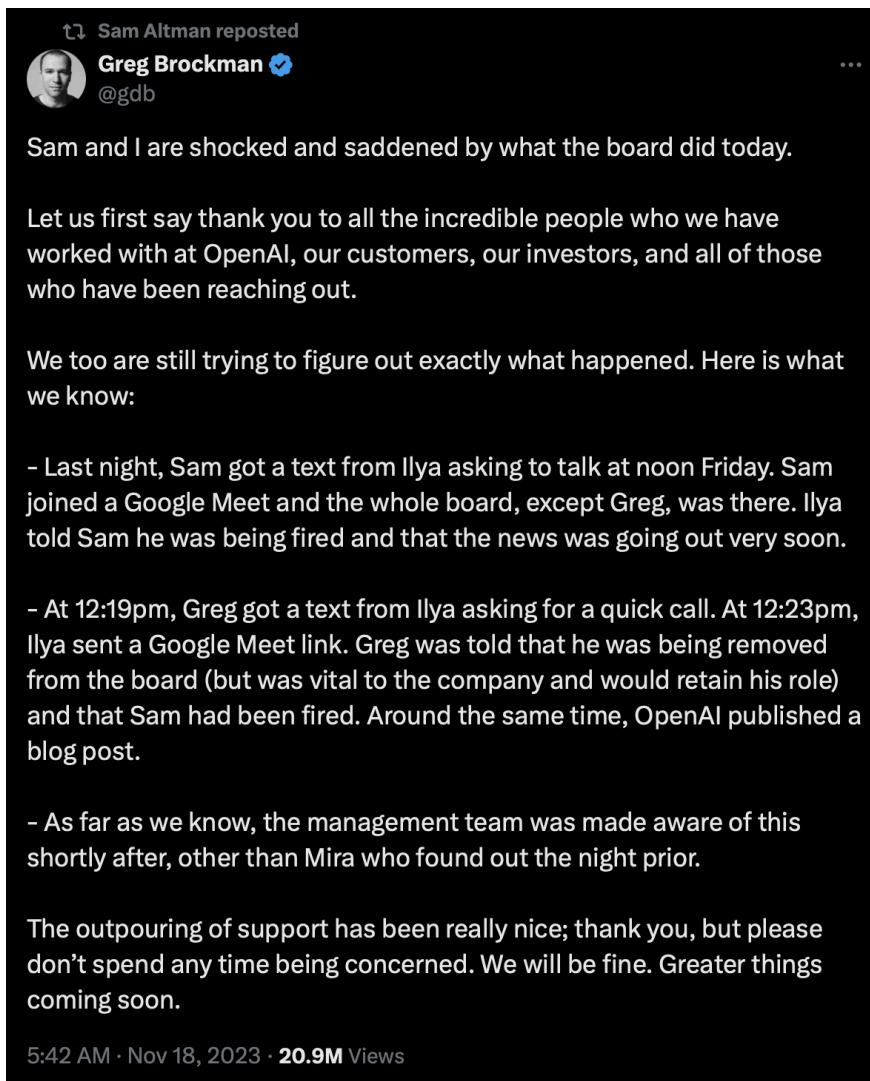
Sam Altman @sama · Nov 17, 2023

i loved my time at openai. it was transformative for me personally, and hopefully the world a little bit. most of all i loved working with such talented people.

will have more to say about what's next later.

6.7K replies 14K retweets 97K likes 25M views

03 - Greg's outline of events



04 - Sam's 18th of Nov post



05 - Sam returns to OpenAI HQ



06 - Emmett Shear joins OpenAI post: Click [here](#)



Emmett Shear
@eshear



Today I got a call inviting me to consider a once-in-a-lifetime opportunity: to become the interim CEO of @OpenAI. After consulting with my family and reflecting on it for just a few hours, I accepted. I had recently resigned from my role as CEO of Twitch due to the birth of my now 9 month old son. Spending time with him has been every bit as rewarding as I thought it would be, and I was happily avoiding full time employment. I took this job because I believe that OpenAI is one of the most important companies currently in existence. When the board shared the situation and asked me to take the role, I did not make the decision lightly. Ultimately I felt that I had a duty to help if I could.

I have spent today drinking from the firehose as much as possible, speaking with the board, a small number of major partners, and listening to employees. Our partnership with Microsoft remains strong, and my priority in the coming weeks will be to make sure we continue to serve all our customers well. OpenAI employees are extremely impressive, as you might have guessed, and mission-driven in the extreme. And it's clear that the process and communications around Sam's removal has been handled very badly, which has seriously damaged our trust.

I have a three point plan for the next 30 days:

- Hire an independent investigator to dig into the entire process leading up to this point and generate a full report.
- Continue to speak to as many of our employees, partners, investors, and customers as possible, take good notes, and share the key takeaways.
- Reform the management and leadership team in light of recent departures into an effective force to drive results for our customers.

07 - Microsoft CEO announces Sam and Greg will join Microsoft



Satya Nadella ✓
@satyanadella



We remain committed to our partnership with OpenAI and have confidence in our product roadmap, our ability to continue to innovate with everything we announced at Microsoft Ignite, and in continuing to support our customers and partners. We look forward to getting to know Emmett Shear and OAI's new leadership team and working with them. And we're extremely excited to share the news that Sam Altman and Greg Brockman, together with colleagues, will be joining Microsoft to lead a new advanced AI research team. We look forward to moving quickly to provide them with the resources needed for their success.

8:53 AM · Nov 20, 2023 · 41.4M Views

08 - "OpenAI is nothing without its people."



OpenAI ✓ @OpenAI · Nov 22, 2023
OpenAI is nothing without its people



Greg Brockman ✓ @gdb · Nov 22, 2023
we are so back



Sam Altman ✓ @sama · Nov 20, 2023



Mira Murati ✓ @miramurati · Nov 20, 2023
OpenAI is nothing without its people

397 948 17K 3.4M



Sam Altman ✓ @sama · Nov 20, 2023



Jason Kwon ✓ @jasonkwon · Nov 20, 2023
OpenAI is nothing without its people

118 202 4.5K 1.6M



Sam Altman ✓ @sama · Nov 20, 2023



Brad Lightcap ✓ @bradlightcap · Nov 20, 2023
OpenAI is nothing without its people

242 460 8.8K 2.3M

09 - Salesforce CEO X post



Marc Benioff @Benioff · Nov 20, 2023

Salesforce will match any OpenAI researcher who has tendered their resignation full cash & equity OTE to immediately join our Salesforce Einstein Trusted AI research team under Silvio Savarese. Send me your cv directly to ceo@salesforce.com. Einstein is the most successful...

[Show more](#)



595

2.9K

11K

8.3M



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