

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

TEACHING NOTES

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Teaching plan

Our teaching notes are crafted with the intention to guide teachers or presenters on the topic of the OpenAI CEO drama case. The notes are intended to help in the preparation, as well as highlight key recommendations of aspects of the case. The teaching note contains key information that may help formulate and introduce the case to a wider public. Additionally, standout elements of the case are highlighted, fostering a deeper understanding of the case that can be used for discussion. Moreover, learning objectives are outlined to provide guidance to teacher and students, ensuring a thorough understanding of the main insights offered by the case. In the conclusion of the notes, a structured lesson plan is provided, offering practical guidance on effectively addressing the case and emphasising the key takeaways essential for thorough preparation.

Case synopsis

OpenAI, a trailblazer in the field of AI, was thrown into disarray when its board made the unexpected decision to dismiss star CEO Sam Altman on a Friday evening last November. The board cites in a press release that Sam had quote *“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). Following the bombshell press release, a wave of external speculation ensued, accompanied by internal chaos as employees threatened to leave. Over 90% of the OpenAI team signed an open letter posted in the New York Times (2023) to leave the company and join Sam at Microsoft. Microsoft, a key partner of OpenAI, welcomed Sam in an announcement on Sunday. The weekend entailed a series of twists and turns with Sam and key team members sharing their feelings publicly via social media platform X. Failed negotiations for Sam's return to OpenAI further exacerbated the turmoil, leading to another shocking decision the following week involving a potential new CEO. All in all, the saga jeopardised OpenAI's mission, valuation, customer relationships, and staff, prompting the leading question of the case:

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?

Learning objectives

Corporate Brand Identity

Figure 1: Corporate Brand Identity and Reputation Matrix (Urde & Greyser, 2016), applied to OpenAI

EXTERNAL	<p>VALUE PROPOSITION</p> <p>Cutting-edge AI research and accessible AI tools that benefit humanity.</p>	<p>RELATIONSHIPS</p> <p>Collaborative with researchers, developers, policymakers. Engage public. Promote transparency, ethics.</p>	<p>POSITION</p> <p>Global AI leader. Trusted source. Ethical, responsible AI. Shape future, benefit society.</p>
INTERNAL/ EXTERNAL	<p>EXPRESSION</p> <p>Openness, collaboration and responsible AI.</p>	<p>BRAND CORE</p> <p>Advance in AI in a responsible and ethical manner, with a focus on safety, transparency and societal benefit.</p>	<p>PERSONALITY</p> <p>Innovative, socially responsible, human-centered.</p>
INTERNAL	<p>MISSION AND VISION</p> <p>Ensure that artificial general intelligence benefits all of humanity.</p>	<p>CULTURE</p> <p>Excellence, intellectual curiosity and continuous learning.</p>	<p>COMPENTENCES</p> <p>AI research, tools, ethics. Openness, collaboration, societal impact. Leading innovation, responsible development.</p>

OpenAI's unique founding as a non-profit AI research lab established a fundamental mission that served as the foundation of the company's creation.

“OpenAI is an AI research and deployment company. Our mission is to ensure that artificial general intelligence benefits all of humanity.”

Furthermore, OpenAI for numerous reasons before the release of ChatGPT had remained relatively less outward facing and more internally focused. Thus, the company had become renowned for its strong internal elements. As illustrated by the corporate brand identity matrix by Urde (2021) in **figure 1**. The lower three quadrants form the foundational internal elements of a company. As quoted by Urde (2021):

“The foundation of a corporate brand identity are the firm’s mission and vision, which engage and inspire its people and stakeholders; culture, which includes employees’ work ethic and attitudes; and competences, or unique capabilities.”

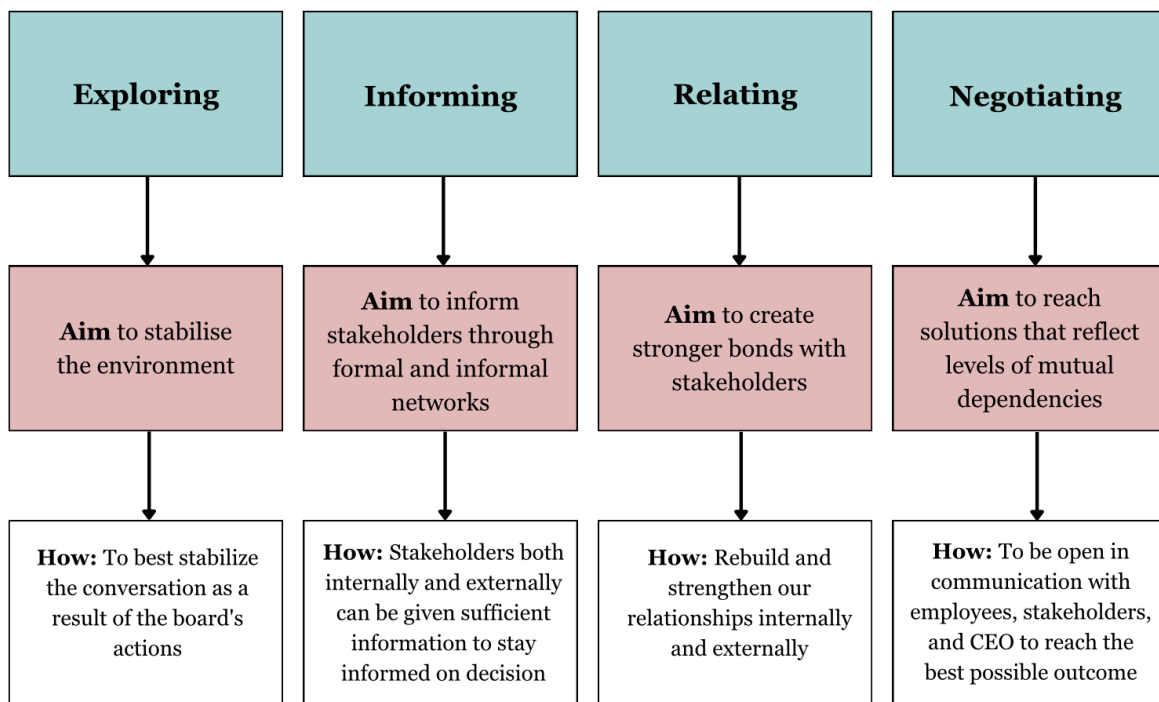
OpenAI was well known to have a strong mission and vision, culture and industry leading competences. Thus, when the board shocked the company by firing star CEO Sam Altman. The company's internal layer had been significantly jeopardised by the drama that ensued over the chaotic weekend in November. The press release that surprised many had significant ramifications to the company's internal layer. Internal and external stakeholders raised doubts about OpenAI's ability to uphold its mission statement. The allegations of inconsistent candour by the CEO, as cited by the board, fostered doubt on whether OpenAI could remain true to its mission. The lack of further explanation by the board into their decision making harmed the company's culture. The state of shock and disarray disrupted the previously cohesive culture at OpenAI. To the extent where nearly the entire company felt the board had acted against the company's interests and were expressing the desire to depart. Furthermore as illustrated by Urde (2021) corporate identity matrix the competence defines what a company is good at and what sets it apart from the competition. OpenAI was at the forefront of AI innovation, and its core competencies were of critical importance. Amidst the chaotic weekend, employees shared posts on X, accompanied by the quote: "*OpenAI is nothing without its people.*" This bolstered the fact that the board's actions put the company's competencies, in the form of its amazing array of AI talent, at risk. Companies competing against AI were now seeing a massive opportunity if OpenAI was not able to recover.

Corporate communication as strategic stakeholder activity

The OpenAI case is also very relevant when viewed through the lens of corporate communication theory. The theory provides a deeper understanding as the case outlines key lessons in how ineffective corporate communication can have ramifications. As outlined by Roper & Fill (2012) corporate communicating is interwoven with corporate strategy and reputation. When analysing the board's communication strategy in the form of press releases and X posts by board members. Key lessons and connections can be drawn to how corporate communication plays a vital role in affecting a company's reputation. According to Roper & Fill (2012) corporate communication is an effective means to reduce uncertainty and nurture stakeholder relationships.

In the case of OpenAI the company had formed several key relationships. Such as with Microsoft which owns a 49% stake in the company according to TechCrunch (Wiggers, 2023). Media reports suggested that Microsoft CEO Satya Nadella was not communicated with clearly before the board's decision. Microsoft as a result felt the partnership with OpenAI was put into potential jeopardy. Moreover, OpenAI's over 700+ employees clearly state in an open letter the lack of effective communication. In the open letter published by the New York Times (2023) employees state; "*despite many requests for specific facts for your allegations, you have never provided any written evidence*". Thus, illustrating the ineffective utilisation of strategic, clear, transparent corporate communication. Furthermore, OpenAI has over 2 million developers using their API according to The Verge (Porter, 2023). In the initial press release titled OpenAI Announces Leadership Transition (OpenAI, 2023). There is no mention of how developers or customers may be affected by the board's decision.

Figure 2: Four tasks of corporate communication applied (Roper & Fill, 2012, p. 222) adapted from van Woerkum & Aarts (2008)

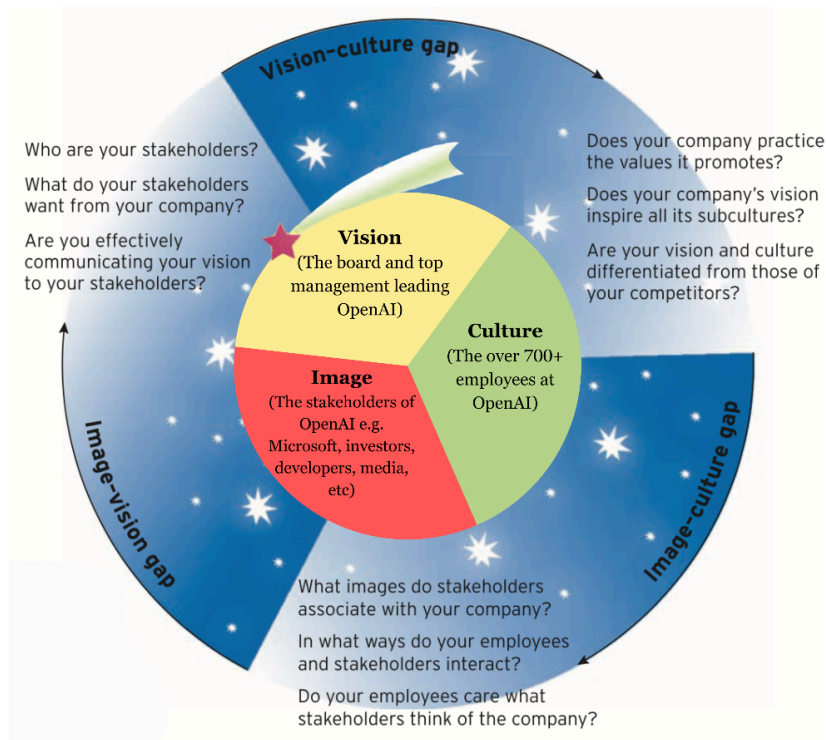


As a result of the lack of effective corporate communication with key stakeholders. The board neglected the theory of four tasks of corporate communication. **Figure 2** visualises the framework Roper & Fill (2012, p.222), adapted from van Woerkum & Aarts (2008), that incorporated the four key elements in corporate communication. Using the framework of exploring, informing, relating, and negotiating in corporate communication offers a structured lens through which to analyse the case. In the case of OpenAI one can imagine how the events may have transpired differently were the board to have adopted the four tasks. How would this have more effectively managed the reputation of the company and perception by key stakeholders. A key learning can be drawn when each task's aim is met to help stabilise and communicate the board's decisions more effectively. **Figure 2** can be used as inspiration for a possible communication strategy relating to the case. The four tasks help provide insight into four key tasks that were clearly missed by the board's corporate communication.

The Vision-Culture Gap

The Vision-Culture image Gap model, as conceptualised in both the book by Roper and Fill (2012, p. 150) and an article from Harvard Business Review by Hatch & Schultz (2001), visualises how vision, culture, and image should align to avoid misalignment. The VCI model is a key theory for understanding how executives (such as the OpenAI board), should ask critical questions to uncover potential star misalignments that a company may be facing. As quoted in the article by Hatch and Schultz (2001), for the most effective results of corporate branding, vision, culture, and image must be aligned.

Figure 3: Vision-Culture image Gap model, as conceptualised in the book by Roper and Fill (2012, p. 150) applied to the OpenAI case.



As **figure 3** shows the VCI model acts as a tool for identifying key problem areas within a brand. The HBR article (Hatch & Schultz, 2001), highlights when misalignment takes place. For instance “misalignment develops when senior management moves the company in a strategic direction that employees don’t understand or support”. This is clearly relevant in the case of OpenAI as employees and key stakeholders voiced their concerns. The company before the incident had a well aligned VCI model represented in the company’s culture, vision and image. However, during the incident and in the decision making by the board. The stars clearly misaligned causing fractures in the VCI model. Critical questions from the article (Hatch & Schultz, 2001) were left unasked during the crisis, resulting in serious ramifications:

- Are you effectively communicating your visions to your stakeholders?
- What images do stakeholders associate with your company?
- Does your company practise the values it promises?

The key learning objective in using the VCI model is to cite how a company’s management should ask critical questions during times of crisis. When the stars are misaligned a company’s trust and reputation are put at risk. As a result of the incident the OpenAI was clearly in need of getting the stars lined up again. The second element of our leading question, *"What do we do now to rebuild trust both internally and externally,"* clearly suggests the need to include a framework such as the VCI model.

Key learning objectives

Table 1 draws inspiration from Bloom’s Taxonomy (Armstrong, 2010) pyramid and serves as a foundational learning model. The table version offers an overview of measurable action words relevant to the learning objectives outlined in the context of the OpenAI master case.

Table 1: Key Learning Objectives - Bloom’s Taxonomy (Armstrong, 2010)

Key learning objectives		
Remembering	How a CEO firing can affect both internal and external stakeholders.	Here: The internal uproar resulted in an employee open letter and petition. The external wave of speculation and disapproval of the board decision.
Understanding	The corporate brand management models and frameworks that were relevant to the case.	Here: Identity matrix, Four tasks of corporate communication and VCI Model
Applying	Utilising the corporate brand management models to determine the gaps, misalignments and the possible consequences with a diverse set of solutions.	Here: Four tasks of corporate communication in the communication strategy, asking the critical questions and alignment of VCI, fixing the internal issue of the identity matrix.
Evaluating	The challenge of restoring trust both internally and externally with stakeholders. How to effectively communicate further board decisions.	Here: The decision making and communication by the board. The handling of ramifications as a result of the CEO firing.
Creating	Communicating and deciding the future of OpenAI going forward. Considering the internal and external sentiment.	Here: Make a final decision of the CEO situation and plan how to move forward with the endorsement of stakeholders.

Discussion questions

In order to kick start an insightful and structured class discussion. The proposed leading question provides a great start launch pad for the discussion. In line with the leading question our expectation is for the class to use it as means to develop their answers and suggestions for the case solutions. The guided questions are crafted to help assist the teacher in stimulating discussions centred around the leading question. The selection of assisting questions were intended to spark interesting class discussions that will help aid in answering the main case question.

Main question:

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?

Assisting questions

- Do you think you as the board acted too soon without the consideration of potential misalignments in the company's image, culture and vision?
- Do you think you as the board provided adequate transparency into their decision making both internally and externally?
- What would your reaction be as an external stakeholder or employee to the board's initial press release?
- As a board member, what actions would you take to help rebuild trust among external stakeholders and employees?
- Do you think you as the board handled the situation well?

Teaching suggestions

Our teaching suggestions are aimed at providing teachers and presenters suggestions when presenting this case. The aim is to profoundly understand the case, lead a good discussion as well as accomplish the case's goals and learning objectives

Pre-presentation phase

Before the class starts, the teacher should provide the class with preparation material at least 24 hours in advance. The preparation material includes the written case that contains the background and the incident. The preparation material should be evenly distributed before the case presentation starts. This is intended to ensure the class members have the adequate information of the case.

The case discussion is best structured when in advance a clear planning has taken place. The case structure was designed to accommodate the possibility of one teacher presenting and leading the discussion oriented around the main question. If more teachers would like to present the case, a clear plan should be established ahead of time.

Before the teacher presents the case, it is essential that the case material has been thoroughly read to ensure a clear understanding of the case. Next in the process is the reading of the management decision which is paramount for the teacher to fully grasp the case and formulate the class discussion. Subsequently, the teacher is advised to read through the teaching note document in order to understand the case purpose and suggestions formulated by the case authors. After the reading of the teaching note has been completed the teacher should prioritise the creation of a structured plan to present and discuss the case. The plan should encompass the structure of the case and outline which information needs to be included. Time management and how to lead the discussion are also crucial components.

To achieve a comprehensive understanding, the teacher might contemplate preparing visual presentation materials. These visual aids could encompass presentations, videos, and photographs to effectively convey the case. Additionally, there should be a pre planned method to structure the answers provided by the class. For instance by utilising online tools or the classrooms whiteboard.

Introduction phase

For an optimal presentation kickoff, capturing the audience's attention is crucial. Therefore, employing dynamic opening slides and engaging the audience are key methods to achieve this. The goal is to cultivate an engaged audience that is attentive and more likely to participate in insightful open discussions. At several points in the case the teacher can ask whether the class has heard or has engaged OpenAI innovations. Highlighting interesting facts and anecdotes may also spark the class's interests. After the teacher has engaged and kicked off the presentation the teacher can continue to deliver the presentation.

Discussion phase

During the discussion phase the teacher should help the class embody the viewpoint from the board members perspective. By doing so the class can have a more imaginative mindset to help kick off the discussion phase. Next, the teacher should reiterate the leading question as outlined in the written case. Before initiating the class discussion, the teacher should ensure that the class does not require any additional information regarding the case.

Now the teacher should acquire the role of case moderator to help facilitate and aid in the discussion among the audience. A key point of remembrance is that the teacher should remain neutral and open to opinions and perspectives provided by the audience. This is to ensure an open exchange of ideas, while the teacher can utilise assisting questions listed in the teaching note where necessary.

Throughout the discussion, the teacher can facilitate the use of online tools or the whiteboard to visualise and structure the provided answers. Furthermore, the teacher should remember to call upon all participants to engage as much as possible. This can be facilitated by participants raising their hand or a pre given object such as a coloured card. A dynamic discussion and insightful answers are fostered by the active participation and diverse perspectives of the class members. The end of the discussion the teacher can help summarise and communicate the main discussed suggestions.

Conclusion phase

The teacher should at all times take in consideration the time management. Thus, at the end of the discussion the teacher should introduce the conclusion phase. During the conclusion phase the teacher presents the management decision that is reflected in the real case. The same tools and visual aids of the case may be used to help present the management decision. Where possible, the teacher may assist in drawing comparisons between the real case outcome and the main findings of the class discussion when presenting the management decision.

When presenting the management decision, the presenter may prompt the class for their feedback on the decision to illustrate the key learning objectives that can be learnt and deepen their understanding of the presented case. Towards the conclusion of the presentation, the learning outcomes from both the discussion and management decision of the case can be summarised in a top five list. To conclude the presentation, the teacher should express gratitude to the audience for their participation and insights.

Time plan

Figure 4: Time plan

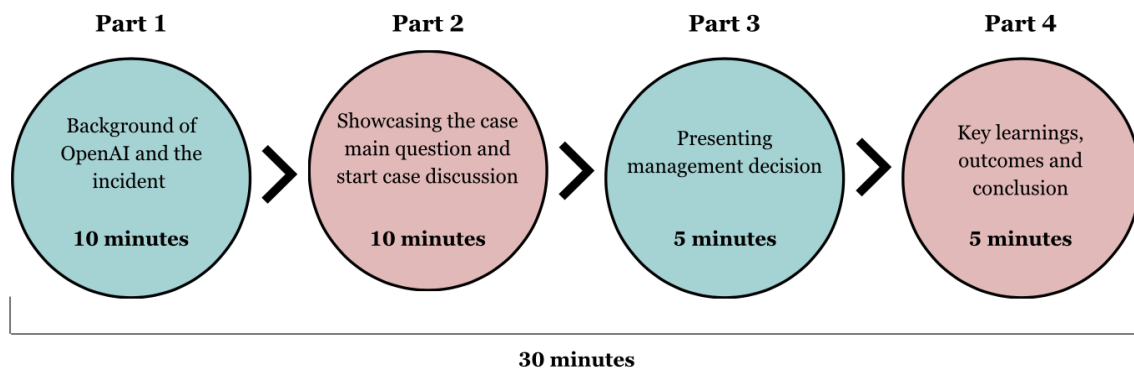


Figure 4 is a suggestive plan for the time management when presenting the case. The total time for the presentation of the case is around 30 minutes.

Part one is allotted 10 minutes to provide the audience with the background of OpenAI and CEO firing incident, as well as to allow time for initial audience engagement and presentation kickoff. Part two is also estimated at 10 minutes to present the main question and start of the class discussion. We recommend that the presenter use a stopwatch throughout the presentation to effectively manage time and transition between parts of the presentation as seamlessly as possible. Part three is allocated 5 minutes to present the outcomes of the management decision in the real case. Lastly, part four, also timed for 5 minutes, allows the presenter to present the top 5 key learnings and formulate the conclusion of the case.

Board plan

In planning the discussion phase of the presentation, it is crucial for the presenter to fully understand the tasks and challenges posed by the board that are developed during this phase. We strongly advise the presenter to have crafted their pre-made board plan that takes into account the learning objectives highlighted in the teaching note. The board plan serves as an excellent method for both the presenter and the audience to gain an overview of the topics and perspectives generated. Table 2 showcases a method for a board plan. The table below serves purely as an example, as the actual discussion may deliver different outcomes.

After the class has discussed the case, the participants should be able to formulate a recommendation on the case's final management decision.

Table 2: Illustrative Board Plan

1. Key tasks & challenges	2. Alternatives	3. Action points
The backlash both internally and externally as a result of the boards actions	<ul style="list-style-type: none"> ● Provide a follow up statement to the press release explaining the reasoning. ● Stay silent and wait for the backlash to settle. ● Hold internal meetings and have a press tour by board members. 	<ul style="list-style-type: none"> ● Develop a communications plan for both the internal and external to provide more context. ● Rebuild trust with key stakeholders and address any concerns
The management and decision making in relation to the CEO	<ul style="list-style-type: none"> ● Provide evidence and be transparent to why the CEO was fired. ● Have a press tour to explain the decision making. 	<ul style="list-style-type: none"> ● Bring back the CEO and negotiate and path forwards. ● Bring in a new permanent CEO to help stabilise the situation.
The lack of trust and reputational harm done to the company	<ul style="list-style-type: none"> ● Create a new company board structure and plan of action moving forward. ● Create a unique ad campaign that delivers a strong message of trust and positivity. 	<ul style="list-style-type: none"> ● Release a new press release that reaffirms the mission and plan of action going forward. ● Host a company keynote and release new products to settle any doubts and rebuild trust.

Table 2 includes three main elements: key tasks & challenges, actions and possible alternatives. During the class discussion the overview can be drawn on the whiteboard or projected on the screen. The presenter is tasked with filling out the overview as the discussion progresses.

1. The initial step 1 is to write down and establish the key tasks and challenges that are being faced by OpenAI as a result of the incident.
2. Based on the presenters' questions, the audience can brainstorm possible alternatives to solve the tasks and challenges.
3. In step 3, the alternatives are further deliberated and formed into more concrete action steps that OpenAI's board can take.

As a result of using the illustrative board plan, the goal is to provide the audience with a visual plan of action that could be deployed. The process creates an insightful discussion that aims to deliver a deeper understanding of the topic. Formulating the ideas into a final framework helps the audience settle upon a shared view of the steps the company should take in the final decision.

Reflection

Formulating the case has provided our team with many insightful lessons. Early in the selection process, we felt the relevance of this case topic with the company in question, providing an interesting investigation into the main events of the incident. In our feedback sessions with Mats Urde, we agreed that the case was highly relevant. However, we faced a challenge in determining the best approach to creating an insightful and dynamic main question. However, Mats Urde feedback and insight combined with in-class cases such as Hexagon helped us formulate a concrete discussion plan. Our feedback sessions were vital in helping us progress and address any difficulties we were facing.

The OpenAI case was not without its challenges mainly in the research process of the incident. Due to the private nature of the company and the abundance of X (formerly Twitter) posts and articles covering the situation, we had to create a clear, coherent, and understandable outline of the events. However, the process taught us how to storytell and formulate a clear structure. The team improved week by week as we discovered more research and insight that helped us formulate our material. We also avidly discussed how to best engage the audience and capture their attention. With the use of online tools and a dynamic presentation style, we aimed at creating a standout presentation. In writing the case material we faced challenges in how to write a clear structured, informative yet engaging case. Thus, we closely put an emphasis on writing in an engaging storytelling style. We brainstormed how to best tell the case in means that would deliver efficiently and engaging as possible.

In preparing our presentation delivery, we also encountered difficulties. We struggled to allocate equal time to each other when delivering the presentation. We aimed to create a dynamic delivery where no one person spoke for extended periods. Our SGA projects helped us prepare how to best divide our roles and practise speaking in front of the class. We received crucial feedback on what the audience liked and recommendations on our slide design. We were inspired by our classmates' presentation styles and drew key lessons as the weeks went on.

The **BUSN3 Corporate Brand Management and Reputation course** at Lund University will undoubtedly have a long-lasting effect on how we view reputation. Each of us learned key lessons, theories, and frameworks that provide valuable insights.

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