

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

MANAGEMENT DECISION

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OpenAI's board decision: delving into the twists and turns

Friday, November 17th (2023)

Last November, on a busy Friday afternoon, OpenAI had been experiencing significant user activity with the launch of their app store and developer conference. Throughout this period, prominent CEO and esteemed Silicon Valley figure, Sam Altman, has been leading from the front, actively participating in conferences and media engagements to advance OpenAI's mission. However, everything is about to drastically change when chief scientist Ilya Sutskever contacts Sam for a quick video call. Sam received the shocking news during a cold video call that he was immediately removed from his position as CEO. Some time later that afternoon the OpenAI board of directors released a press release (exhibit 1) to the company's website. The announcement states that both Sam as CEO and Greg Brockman (co-founder of OpenAI) will depart from the company. What's the reason? The press release stated Sam has quote *"not consistently candid in his communications"* and thus *"The board no longer has confidence in his ability to continue leading OpenAI"*. No further context is provided to how they have based this decision. As well as no further explanation of how this decision may affect key stakeholders. The board also includes in the announcement that Mira Murati (CTO) will replace Sam's as interim CEO. Friday evening social media platform X explodes with speculation of why the company has made this decision. This is further bolstered when Sam confirms the news on his X account (exhibit 2).

Saturday, November 18th (2023)

As day two takes into effect more news comes out about just how surprised Sam, employees and key stakeholders are by the decision. In a post on Saturday 18th by the New York Times (2023) an executive opened up that he had told employees Saturday morning he is trying to quote *"better understand the reason and process behind their decision"*. Microsoft, a key partner of OpenAI owning 49% of the company and had reportedly invested over 10 billion dollars, was also shocked and unaware of the board's decision. X continues to be filled with various theories as to why the incident had taken place. An article by the WSJ (2023) highlights that the rapid growth and push for commercialization by OpenAI may have been at the root of the issue. Speculation stories of AGI discovery, safety concerns, and the company's structure were all speculative theories being spoken about in the media.

Sunday, November 19th (2023)

Sunday brings new turns and twists, as major shifts at OpenAI take place. Notably, Sunday reports suggested that board members were contemplating Sam's return, with Chief Scientist Ilya outwardly expressing his regret and eagerness to reunite the company in a post on X (exhibit 3). This further culminates when Sam posts a picture on X (exhibit 4) at the OpenAI office. It now seemed that negotiations of a possible return were on the cards. However, as negotiations about a proposed new board structure seem to end negotiations. In yet another twist the OpenAI board announced that interim CEO Mira Murati will now be replaced by former Twitch CEO Emmett Shear. Emmet confirms the news with a lengthy post on X (exhibit 5) that outlines a 30-day plan. Notably 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." Not long after Microsoft CEO Satya Nadella makes a surprise announcement (exhibit 6) that both Sam and Greg will join Microsoft. No one can quite make sense of what is happening externally and internally employees start to voice their concerns. According to an open letter by employees (Times, 2023), over 90% of the company have signed, stating that they will leave if Sam and Greg do not return; otherwise, they too will seek to join Microsoft. Now the board faces yet more challenges as the company is now at serious risk.

The return November 22nd (2023)

As the tumultuous weekend comes to a close, there appears to be a resolution on the horizon. Wednesday 22nd of November OpenAI shared a message to their X account (exhibit 7). Stating that Sam Altman will return as CEO accompanied by a new initial board of directors. The post also states that further details will follow the announcement in due course. Following the announcement Sam posts to X confirming the news and highlighting, *"the best interests of the company and the mission always come first. It is clear that there were real misunderstandings between me and members of the board. For my part, it is incredibly important to learn from this experience and apply those learnings as we move forward as a company."* As a result, major Silicon Valley figures, including the Microsoft CEO and employees, voice their approval of the decision on X. November 29th OpenAI released a new expanded press release (exhibit 8) written by both Sam and new board member Bret Taylor the path forward. Both wrote their priorities for the path forward for OpenAI following the incident.

In the statement Sam highlights the three key immediate priorities going forward (OpenAI, 2023):

- 1. Advancing our research plan and further investing in our full-stack safety efforts, which have always been critical to our work. Our research roadmap is clear; this was a wonderfully focusing time. I share the excitement you all feel; we will turn this crisis into an opportunity! I'll work with Mira on this.*
- 2. Continuing to improve and deploy our products and serve our customers. It's important that people get to experience the benefits and promise of AI, and have the opportunity to shape it. We continue to believe that great products are the best way to do this. I'll work with Brad, Jason and Anna to ensure our unwavering commitment to users, customers, partners and governments around the world is clear.*
- 3. Bret, Larry, and Adam will be working very hard on the extremely important task of building out a board of diverse perspectives, improving our governance structure and overseeing an independent review of recent events. I look forward to working closely with them on these crucial steps so everyone can be confident in the stability of OpenAI.*

In the statement new initial board member Bret Taylor shares a message highlighting the boards plan to strength governance by (OpenAI, 2023):

1. *We will build a qualified, diverse Board of exceptional individuals whose collective experience represents the breadth of OpenAI's mission – from technology to safety to policy. We are pleased that this Board will include a non-voting observer for Microsoft.*
2. *We will further stabilize the OpenAI organization so that we can continue to serve our mission. This will include convening an independent committee of the Board to oversee a review of the recent events.*
3. *We will enhance the governance structure of OpenAI so that all stakeholders – users, customers, employees, partners, and community members – can trust that OpenAI will continue to thrive.*

The joint efforts of Sam and the new OpenAI board, the situation stabilises, creating a pathway forward that reinstates trust and fosters positive sentiment among both external and internal stakeholders. Since the incident, the company has grown in its leadership in AI and remained focused in pursuit of its mission. Sam and OpenAI still spearhead innovation and development of AI.

Exhibits

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

Blog

OpenAI announces leadership transition

November 17, 2023

Authors
[OpenAI](#) ↓

[Announcements](#)

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



03 - Ilya Sutskever X post



04 - Sam returns to OpenAI HQ



05 - 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.

06 - 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

07 - OpenAI X announcement



We have reached an agreement in principle for Sam Altman to return to OpenAI as CEO with a new initial board of Bret Taylor (Chair), Larry Summers, and Adam D'Angelo.

We are collaborating to figure out the details. Thank you so much for your patience through this.

08 - OpenAI CEO return press release: Click [here](#)

Blog

Sam Altman returns as CEO, OpenAI has a new initial board

Mira Murati as CTO, Greg Brockman returns as President. Read messages from CEO Sam Altman and board chair Bret Taylor.

November 29, 2023

Authors
OpenAI ↓

Announcements

Below are messages CEO Sam Altman and board chair Bret Taylor shared with the company this afternoon.

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