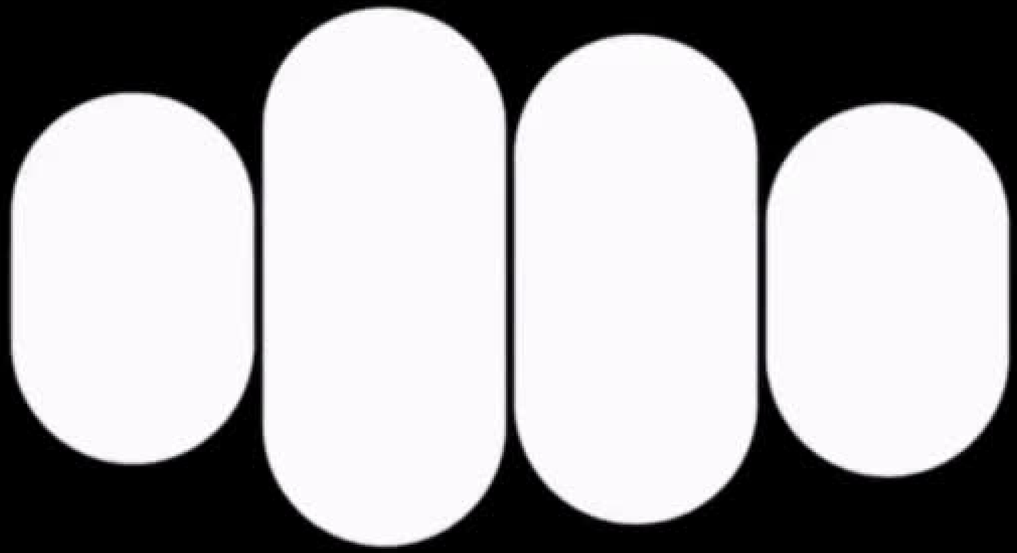
OpenAI’s Board Decision: Delving Into the Twists and Turns

Presented by **Bob van Geemen, Ivan Kruchinin** & **Shen van den Dool**

- BUSN35
- Group: 13B



Featured Speakers

Bob van Geemen

Zimbabwe

Ivan Kruchinin

Russia

Shen van den Dool

The Netherlands

AGENDA

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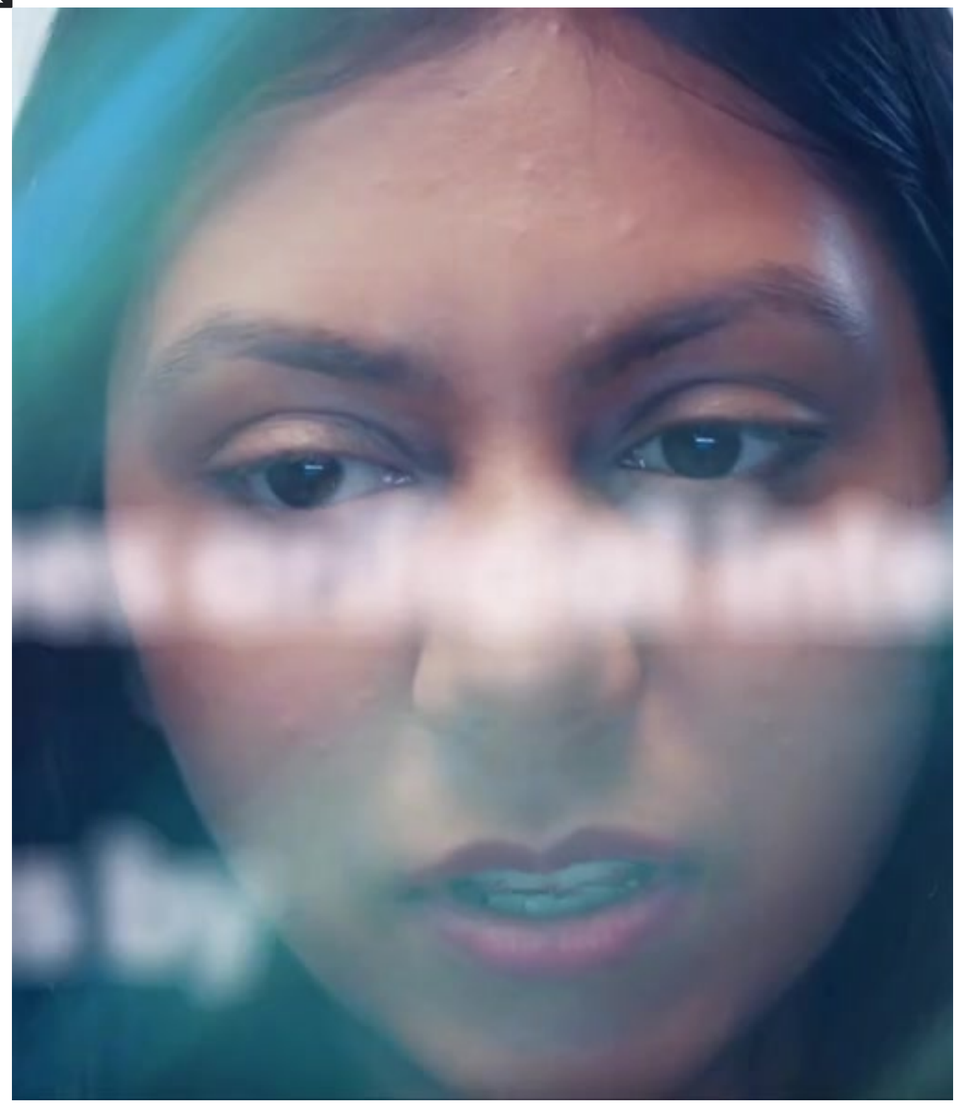
Background & History



Founded in 2015 as a non-profit research lab.

Mission: Ensure AI benefits all humanity.

Transitioned to capped-profit model in 2019.

Microsoft acquired 49% stake in 2023 for $10B.

World-class AI experts at the forefront of the field

ChatGPT

- 2023 saw the **launch of OpenAI's ChatGPT** after extensive AI development.
- Setting the record for the fastest service to reach **100M monthly active users**.
- Within a year, over **2 million developers**, including many Fortune 500 companies, utilized OpenAI's API (Porter, 2023).

Sora

OPENAI CASE

DALL·E 3

Management Team

OpenAI

Sam Altman
CEO

Mira Murati
CTO

Greg Brockman
President & Co-Founder

Ilya Sutskever
Co-Founder and Chief Scientist

The Incident

The Incident - Friday 17th of November

Star CEO Sam is ousted as CEO during a sudden video call

Reason: *“not consistently candid in his communications”* and thus *“The board no longer has confidence in his ability to continue leading OpenAI”*

Mira Murati appointed as interim CEO

A whirlwind weekend begins

↘ NYT article (2023) states executives are trying to ***“better understand the reason and process behind their decision”***

↘ Social media buzzes with **speculation**, AGI, lack of safety and hasted commercialisation

↘ **$80B** valuation at risk potential impact on employee stakes and investor equity

Twists & Turns

Rollercoaster of Events

- Sam returns to negotiate a return. However, talks fail to reach agreement

Board regret

- Ilya Sutskever voices regret about the decision and wants to reunite company

Leadership changes

- Sudden leadership change Interim CEO Mira Murati replaced by former Twitch CEO Emmett Shear

Stakeholder Tensions Rise

Microsoft's Involvement

- Microsoft CEO Satya Nadella makes a surprise announcement that both **Sam and Greg will join Microsoft**

Internal Turmoil

- **+90%** of employees threaten to leave to join Microsoft
- Company's reputation and trust at risk

❤ ***"OpenAI is nothing without its people."***

Discussion

↘

Go to **menti.com**
and enter the code

As a member of the OpenAI board,

↘ 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**?

Management Decision

Blog

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

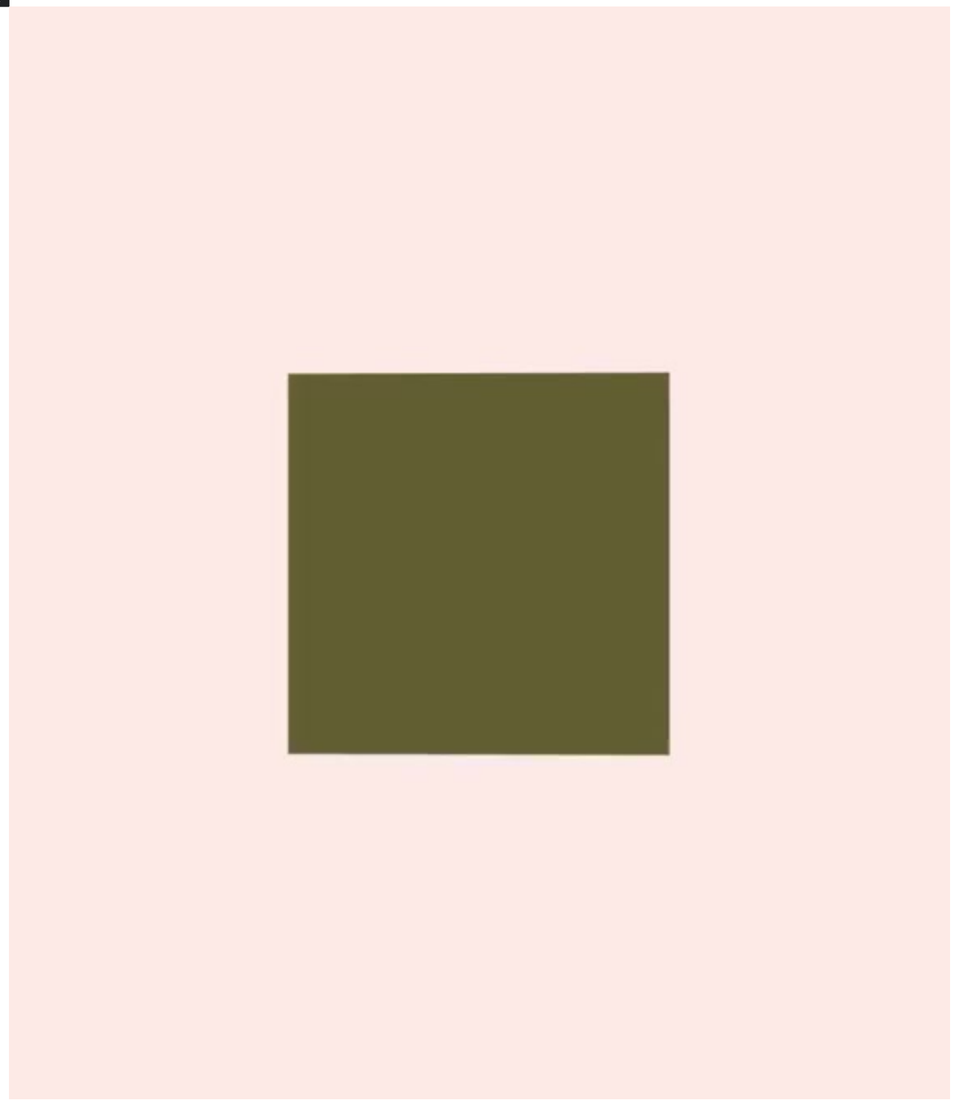
Mira Murati as CTO, Greg Brockman returns as President. Read messages from CEO Sam Altman and board chair Bret Taylor.

Authors
OpenAI ↓

Announcements

SAM'S PLAN

The Path Forwards



Sam returns outlines 3 immediate priorities in the statement (OpenAI, 2023):

1. Advance research and safety efforts.
2. Improve products and serve customers.
3. Bret, Larry, and Adam to build diverse board and enhance governance. Initial board of three members

NEW BOARD PLAN

The Boards Path Forwards

New board member Bret Taylor outlines governance plans (OpenAI, 2023):

1. Assemble a diverse, qualified board with Microsoft observer
2. Stabilize organization, conduct independent review
3. Enhance governance for stakeholder trust.

Warren Buffett, CEO, Berkshire Hathaway:

"A good board can make a bad CEO good. But a bad board can make a good CEO bad."

Jeff Bezos, Founder of Amazon:

"The role of the board is not to manage the business, but to ensure it's being managed well."

Reed Hastings, Co-founder of Netflix:

"Building a strong board is like building a great team – you need diverse skills, experiences, and perspectives to be successful."

Expert insight

EXPERT INSIGHT

Microsoft CEO - Satya Nadella

EXPERT INSIGHT

Vinod Khosla - Knosla venture

As of now

Teaching Notes

Underlying models & theories

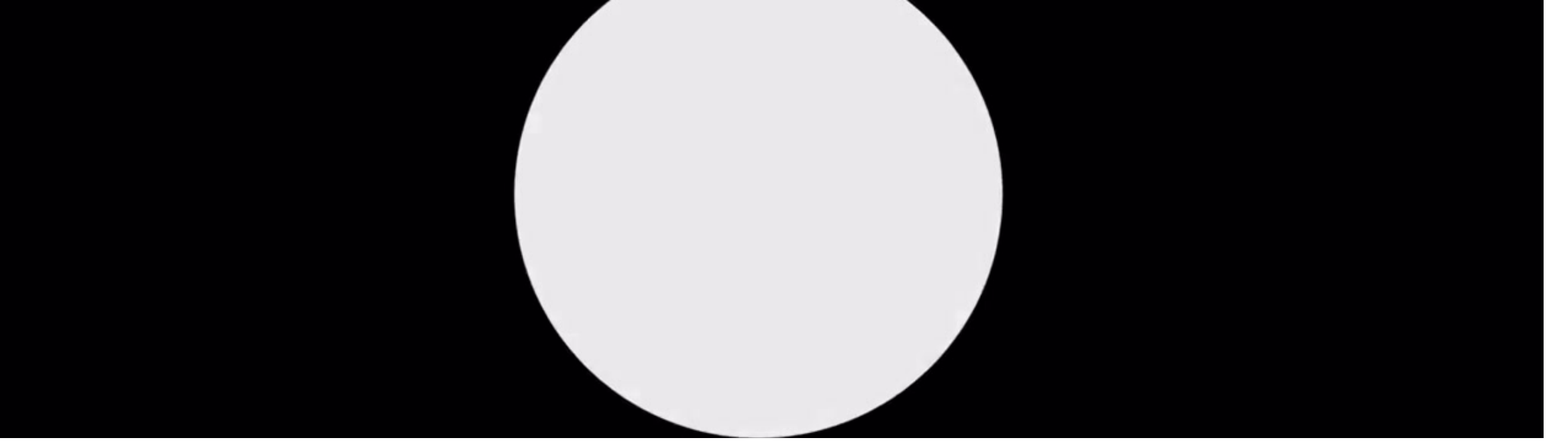
- Corporate Brand Identity and Reputation Matrix (Urde & Greyser, 2016)
- Four tasks of corporate communication applied (Roper & Fill, 2012, p. 222, adapted from van Woerkum & Aarts, 2008)
- Vision-Culture image Gap model, as conceptualised in the book by Roper and Fill (2012, p. 150)

Key learning objectives

- Bloom’s Taxonomy (Armstrong, 2010)

Teaching suggestions

- Presentation Phases
- Time management plan
- Illustrative Board Plan



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THANK YOU!