

# TESTING TIMES

Crisis communication strategies and responses in the spotlight



## KEY LEARNING POINTS

- STRENGTHEN INTERNAL GOVERNANCE
- BE OPEN WITH DECISIONS
- DEFINE KEY STAKEHOLDERS
- BE VISIBLE TO STAFF
- EXERCISE FOR REPUTATIONAL CRISES

## WHAT HAPPENED?

At a time when ChatGPT is turning one, Open AI has been at the centre of a corporate saga involving the Chief Executive Officer Sam Altman. On 17 November the Open AI board announced the termination of Sam Altman citing a lack of confidence in leadership and inconsistent communication. This led to concern in the business world and a lot of rumour about what was behind the move.

Staff at Open AI were upset and a petition was started to bring Altman back with threats of mass resignations. Investor Microsoft saw their stock price dip with the announcement about the termination and their CEO spoke out about not being consulted and was unhappy with the Board. Microsoft opened the door to Altman and any staff that wanted to leave Open AI.

Just a few days later Open AI made a U-turn and agreed in principle to Altman returning and the creation of a new Board of Directors. President of Open AI Greg Brockman has also agreed to return. It has left many questions about the long term future of Open AI and the corporate culture that exists within the business. When the new Board was announced it was four men and the previous women on the board had been removed.

There are many rumours circulating about the reason that the saga occurred including a development that has raised concerns about how powerful it is. The full reasons may only become known at some point in the future and the business is still worth \$86 billion. Whether the impact will be felt further will have to be assessed, but Open AI may be one of the companies that avoids reputational damage because of the impact of what they do like Amazon.



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COMMUNICATION

## What was the communication response and what could it have been?

One of the initial problems for Open AI was the internal communication around the decision about Altman. Staff appear to have not been informed and may have learned of the move when it was announced publicly. This has the potential to increase the anger as they were not told by management.

The business also seems to have neglected stakeholders and shareholders which led Microsoft's CEO to speak to the media about being unhappy with the Board saying they should have been consulted as an investor. Giving details about developments as significant as the termination of the CEO should have been part of a comprehensive plan that prioritised investors, shareholders and those stakeholders that are significant.

Days after the decision the Open AI website still had details of the brief change in leadership with no information about the Board change and return of Altman. Communication from Open AI has been almost non-existent which has allowed rumours to grow around the developments in systems that may have been involved, and the relationships and possible breakdowns across senior executives and Board members. We will have to wait and see if there is an impact on those wanting to invest or have a part of the Open AI business.

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## What do we need to remember in this situation?

- Strengthen internal systems – Internal systems and processes should be cognisant of reputational damage that may be caused by announcements, changes and actions. Internal systems of severity assessment should consider the reputational damage
- Communication at the top table – communication should be able to advise at the most senior levels of the organisation to ensure that internal, external and stakeholder communication is considered
- Be as open as possible – difficult or surprising decisions that are shrouded in mystery will lead to rumour and speculation. This can very quickly become damaging to trust and confidence, and in the case of many businesses impact on investment
- Be visible to staff – when there is a major incident, crisis or significant announcement staff should hear it from management and not from reading the commentary in the media or on social media
- Timing matters – there are many occasions when regulations mean businesses need to make announcements in a particular way but carefully mapped timings for staff and stakeholder communication need to be in place to maintain confidence
- Stakeholder mapping is critical for communication – there are many important relationships that any business or organisation has but mapping these as to who are critical is essential before any significant announcement or crisis. In this case investors should have been identified as a key audience
- Exercise for reputational crises – don't just focus on operational problems make sure that the crisis communication response will work for reputational issues and crises that may occur

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