

# Harvard Business Review

## Discovering Where ChatGPT Can Create Value for Your Company

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June 09, 2023

### Summary

Although the speed, scale, and scope of ChatGPT's impact may be unique, the underlying phenomenon — an emerging technology transforming vast parts of business and society — is not. But harnessing the power of emerging technology requires a new approach. Unlike traditional methods for innovation, such as design thinking, ChatGPT poses a fundamentally different challenge because there are no clear problems to address, user pain points to alleviate, or KPIs to achieve. In fact, ChatGPT can seemingly solve problems in almost any industry, domain, or context. Using it, therefore, requires a different skill: emergent thinking, which involves generating ideas for innovation without fully understanding the problem that needs to be solved.

When OpenAI released its flagship product ChatGPT last November, it reached 1 million users in only four days and 100 million users in two months, achieving this milestone more than 75% faster than any other tech giant. ChatGPT has continued to evolve quickly, beginning as an AI chatbot that only responded to user prompts. Now it includes features such as analyzing data and interpreting images, leaving everyone from high school students to C-suite executives scrambling to learn ChatGPT so they can use it in new and productive ways.

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Two of us (Johnathan and Jennifer) recently conducted research showing that the main thought process for this style of innovation is to start by understanding the core functions of a technology, *then* explore how it can be used to solve problems across different domains. Other hallmarks of emergent thinking include evaluating ideas without understanding the criteria for success, improvising ideas with little preparation or planning, and changing a project's target outcomes.

These activities tend to run counter to good business practices promoting efficiency and reliability, and they may even violate some of the core tenets of design thinking — namely the need to identify a clear user problem to address *before* generating ideas for a solution. Yet, they're also critical when trying to leverage ChatGPT (or any other emerging technology, for that matter) for innovation.

Many companies have already started integrating ChatGPT into their products, processes, and services. By analyzing this burgeoning landscape of innovation, we've identified three emergent-

thinking pathways for leaders that can help increase the chances of implementing ChatGPT successfully while also avoiding potential pitfalls.

## Pathway 1: Exploiting a Current Value Proposition

The first pathway involves using ChatGPT to further exploit a value proposition a company already provides to customers. For example, Instacart has grown to \$2.5 billion in annual revenue by focusing on the core value proposition of providing fast, reliable, and affordable grocery delivery to customers at home. Recently, they launched a plugin for ChatGPT that aims to strengthen this value proposition by increasing the speed and efficiency of ordering groceries online. With this plugin, customers can receive recommendations for meals to prepare, and once they find something they like, ChatGPT will create a new Instacart order that automatically adds all the necessary ingredients.

To pursue this pathway for innovation, start by using ChatGPT without directing it toward any specific customer problems. This thought process can be challenging because most business training teaches us to be strategic thinkers and verify the importance of customer problems before spending any time developing solutions. However, starting with strategic goals like this can actually blind us to seeing ChatGPT's potential for new and valuable applications. Instead, start with an open mind and deeply engage with the tool to understand its core functions. Once you have that understanding, natural human cognition will take over and start making connections to any relevant problems you might be aware of.

For example, one of the core functions of ChatGPT is to interpret and generate natural language text that provides human-like responses to a wide variety of questions, prompts, and requests. Companies can use this function to enhance existing features of products or services that focus specifically on text-based interactions with customers. For instance, the product-management tool Notion now provides customers with immediate access to ChatGPT at the tap of the spacebar, which activates a prompt to receive an AI response that can be immediately integrated into existing tasks and workflows. As the functions of ChatGPT continue to grow, new possibilities will emerge for how it can be used to further enhance value propositions across a wider range of companies and contexts.

## Pathway 2: Expanding the Value Proposition

A second pathway uses ChatGPT to expand a company's value proposition by solving new problems for customers in a way that complements their current offering. For example, Khan Academy was created in 2006 with the mission of providing all students with a free, world-class education. They've since grown to nearly 20 million users per month, primarily by offering short online videos that start with a blank canvas and get filled with colorful, hand-written text. Recently, they integrated ChatGPT into their platform by creating a personalized AI tutor called Khanmigo. This tool not only helps students by guiding them through online videos and practice questions more effectively, but it can also help teachers by explaining teaching methods and designing lesson plans.

You can follow the same pathway by clearly defining your perspective and learning how to change it. For emergent thinking, this first involves breaking down a value proposition into three core elements:

- The goals customers are trying to accomplish
- The context in which customers are trying to accomplish those goals
- The specific target demographic of the customers

Once defined, the next step is to assess how ChatGPT's core functions (see Pathway 1) can help expand each element in new directions. For example, Khan Academy originally focused on *helping K–*

*12 students (target demographic) learn topics at a self-guided pace (goal), done completely online (context).* Using ChatGPT, they expanded this goal for students by facilitating online learning either through self-guided practice or via an AI tutor, and they also expanded the target demographic to include teachers, helping them accomplish new goals that were not previously possible.

This two-step definition and expansion process offers a complementary skillset to design thinking, which typically encourages people to think of many different solutions before converging on one to implement. With emergent thinking, however, you apply those same brainstorming techniques to the problem, rather than the solution.

During this process, it's key to maintain an open mind and avoid settling on a problem too quickly, which may be particularly challenging to do in conditions of uncertainty. ChatGPT has unleashed an unprecedented level of pressure on companies to act quickly, or else suffer dramatic consequences for their future survival. However, research shows it's also possible to withstand these pressures and explore a wider range of innovation options. To do that, work with trusted collaborators so you can navigate ambiguity more effectively and take greater risks together.

### **Pathway 3: Exploring a New Value Proposition**

The final pathway is based on using ChatGPT to explore a completely new value proposition that customers may not even know they need yet. Although this may run counter to traditional methods for innovation, it also aligns with common advice for creating breakthroughs. For example, when Steve Jobs was asked whether Apple did any market research when developing the iMac, he responded: "It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show it to them." This wisdom seems to have been fully embraced by OpenAI, which released ChatGPT to the public and is now discovering countless ways it can be used in various contexts to accomplish new and unforeseen goals. This pathway for innovation represents the purest form of emergent thinking, which has the greatest uncertainty and therefore must also be pursued with the greatest caution.

The main challenge comes when trying to converge on a single problem to focus on out of the many dozens identified when brainstorming different goals, contexts, and target demographics (see Pathway 2). When organizations have relatively clearer value propositions — such as increasing the speed of online ordering at Instacart or improving the quality of online education at Khan Academy — it can be easier to filter out problems that seem far-fetched or unlikely to reflect valuable customer needs. However, when customer needs are still unknown and emerging along with the technology, it becomes difficult for teams to agree on a shared direction to pursue. This becomes especially challenging when trying to include the diverse perspectives that are fundamental to innovation, because team members can pull the project in different directions despite their best intentions to collaborate.

To help overcome these challenges, identify a clear and coherent analogy that summarizes the core value proposition. For example, Tome is a startup that's using ChatGPT to help customers create better presentations out of online documents, videos, and digital content. However, instead of highlighting all the specific benefits they can provide, they've described their product as an "AI storytelling partner." This simple concept helps integrate many different features into a coherent product experience so that both developers and customers can easily understand its value. By creating an analogy for your product, you can avoid wasting valuable resources creating features that might not support the core value proposition, and you can help customers develop a clear mental model of the various features and why they can be useful.

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ChatGPT is an unprecedented technology that has potential to unlock value for millions of customers across many industries. However, pursuing these rewards also comes with considerable risks, as we're all entering uncharted territory with AI, and we must learn how to use it effectively so it can be leveraged for positive rather than negative outcomes.

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