



## ★ Issue One, Tell People What They Can Do, Not What They Can't

### ***Series One: From Compliance to Commercial Risk Leadership***

One of the biggest mistakes risk teams make is surprisingly simple.

They lead with “**No.**”

No, you can't do that.

No, that doesn't comply.

No, that's outside policy.

Over time this language quietly reshapes how the organisation views the risk function. Instead of being seen as a strategic partner, risk becomes the **department of prohibition.**

That perception matters.

When the business expects the answer to be “No”, two things tend to happen. Either people avoid engaging risk until the last possible moment, or they push forward anyway and treat risk as a compliance checkpoint rather than a decision partner.

Neither approach helps the organisation make better decisions.

The most effective risk teams understand a simple principle:

**Their job is not to stop decisions — it is to help the organisation make better ones.**

And that starts with language.

Instead of leading with restrictions, risk teams should focus on **explaining what can be done safely within appetite.**

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### **Language Shapes Behaviour**

Language does more than convey information — it shapes behaviour.

When risk teams frame discussions around what is possible, the conversation immediately becomes more constructive. It signals collaboration, respect and shared objectives.

Business leaders feel supported rather than constrained.

Importantly, it also encourages **earlier engagement**. If people believe the conversation will be constructive, they bring ideas forward sooner.

And that is exactly where risk adds the most value.

By contrast, when the conversation begins with prohibitions, it tends to shut dialogue down. Ideas get withdrawn. People become defensive. Over time the organisation simply stops asking.

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### **The Communication Dynamic Behind It**

There is a behavioural explanation for why these conversations often break down.

Transactional Analysis, developed by psychologist Eric Berne, describes three communication modes: **Parent, Adult and Child**.

When risk teams communicate through directives — “you can’t do that” — they adopt a **Parent** stance. The business often responds in **Child** mode: either compliance or resistance.

Neither is productive.

But when risk teams explain how something *can* work within risk appetite, the conversation shifts into **Adult-to-Adult dialogue**. It becomes collaborative and solution focused.

Instead of arguing about restrictions, both sides work together to solve the problem. Sometimes the only thing required to reset a discussion is a change in language.

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### **Why This Matters More Than Ever**

Historically, organisations could succeed with relatively stable operating models and incremental change.

That world has disappeared.

Innovation and adaptability are now central to competitiveness. Technological disruption is accelerating and new entrants can reshape industries rapidly.

The data reflects this shift.

In 1975, around **83% of the value of S&P 500 companies was tied to tangible assets** such as factories and equipment. Today **around 90% of corporate value is intangible**, driven by knowledge, technology and intellectual property.

At the same time, the **average lifespan of companies in major equity indices has fallen from roughly 60 years to less than 20 years.**

Organisations that fail to innovate simply disappear faster than they used to.

This has profound implications for risk functions.

Modern organisations create value through the **collective intelligence of their workforce** — the “grey matter” of the organisation. Innovation requires experimentation, and experimentation inevitably involves measured risk-taking.

If risk functions consistently suppress ideas through restrictive engagement, they unintentionally suppress innovation as well.

The goal of modern risk management is therefore not to eliminate risk.

It is to **enable informed risk-taking within appetite.**

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### **What This Means for Leaders**

When risk teams adopt enabling language, several things change.

Conversations with the first line become **more open and constructive.**

Business leaders engage earlier and more honestly with uncertainty.

And perhaps most importantly, the organisation becomes better at **balancing opportunity with protection.**

That is the real purpose of modern risk management.

Helping its organisation move forward safely.

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### **A Simple Leadership Experiment**

If you lead a risk team, try a simple experiment.

For a month, **ban the word “No.”**

Not the concept — just the word.

Instead of saying “No”, require the team to explain **how something could work safely within risk appetite.**

You may be surprised how quickly conversations change.

Because there is a simple behavioural truth at play:

**If people are constantly told “No”, eventually they stop asking.**

Organisations that want to be successful cannot afford that outcome and to prevent it, your risk team needs to adopt a simple philosophy:

**Tell people what they can do — not what they can’t.**