



The CRO Brief

Risk as Competitive Advantage

Experience-driven insights for Chief Risk Officers and senior executives seeking to align risk with strategy and performance

★ Issue Two, Understand Your True Exposures – By not Using the “R” Word

Series One: From Compliance to Commercial Risk Leadership

Cast your mind back to one of those familiar risk identification workshops. Someone opens the session with a well-intentioned question:

“OK... tell us what your risks are.”

You can almost feel the temperature in the room drop. Arms fold, chairs shift back and eye contact fades. Participants begin to calculate what they should — and should not — say.

In that moment, psychological safety quietly disappears. Without it, organisations rarely have honest conversations about their real exposures.

The way organisations frame risk often determines whether they understand it at all.

Why the Word “Risk” Shuts Down Value

Being direct about risk can be surprisingly confronting. For many people, the word itself is closely associated with failure, underperformance or past mistakes.

It triggers defensive behaviour long before any meaningful discussion has begun. Participants may worry that disclosing too much could reflect poorly on their judgement or their team’s capability.

Others may question whether raising issues will simply invite scrutiny or create additional work. Identifying more risks can feel like volunteering for tighter oversight rather than contributing to better outcomes.

So people hold back — not because they lack insight, but because the conversation has already signalled judgement rather than problem-solving.

The Procedural Trap

Risk workshops can still progress in this environment. Registers are populated, control gaps are documented and governance expectations are technically satisfied.

From a process perspective, the exercise is complete. From a commercial perspective, however, the organisation may have learned almost nothing about what truly matters.

Execution challenges, trade-offs and manageable vulnerabilities often receive far less attention. The result is a view of risk that is both incomplete and disconnected from performance.

In my experience leading risk functions, the exposures that matter most rarely emerge when people are directly asked about risk. The issue is not that organisations talk about risk. It is where they choose to start the conversation.

From Compliance Dialogue to Commercial Conversation

High-performing organisations should not begin discussions by directly asking about risks. Instead, they are better served by beginning with the objectives the organisation is trying to achieve.

What needs to go right for the organisation to be successful? What assumptions are we relying on? Where could uncertainty disrupt delivery or outcomes?

These questions feel fundamentally different. They are constructive and forward-looking, inviting participation rather than caution.

Importantly, they position risk management as part of decision-making and execution rather than as a separate governance exercise.

As teams unpack these questions, the exposures that truly matter begin to surface. Operational dependencies, strategic vulnerabilities and emerging uncertainties become clearer through the lens of delivery.

And they do so without the emotional baggage that often accompanies direct risk questioning.

A Shift in Risk Leadership Expectations

This change in framing reflects a broader evolution in the role of the risk function. Historically, risk management focused on identifying potential failures and ensuring controls were in place to prevent them.

Success was often defined by the completeness of reporting and the absence of surprises.

Today, executives expect something very different. They expect risk leaders to help the organisation take more appropriate risks – not simply fewer of them. Risk leaders are increasingly asked to contribute to decision quality, execution confidence and organisational resilience. They are expected to support innovation and help leaders navigate uncertainty rather than simply document it.

Framing plays a critical role in enabling this transition from compliance to commercial risk leadership.

What This Means for Executives

If risk discussions feel like compliance exercises, staff will tend to provide safe and generic responses. The heavy-hitting exposures specific to strategy or operations may never be fully surfaced.

Over time, real issues are quietly swept under the carpet.

Teams begin telling leaders what they believe they want to hear rather than what they genuinely need to know. Incidents go unreported and emerging vulnerabilities remain hidden.

Organisations are left with a false sense of control.

Conversely, when conversations are anchored in objectives and commercial realities, engagement improves markedly. Leaders gain more balanced insights into both up and downside risk exposures.

Risk management becomes less about documenting threats and more about supporting performance.

That is the essence of commercial risk leadership.

Practical Takeaways

In my experience leading risk functions, the most valuable exposures rarely emerge when people are directly asked about risk. If you want more honest and valuable risk conversations, try a simple shift.

Start with objectives, don't even mention risk. Ask questions such as:

- What needs to go right for the organisation to be successful?
- What assumptions are we relying on?
- Where could uncertainty disrupt outcomes?

As teams explore these issues, the risks that truly matter will emerge naturally.

Because modern risk leadership is not about forcing risk discussions. It is about creating the conditions where people are willing — and able — to speak openly about uncertainty.

Organisations that do this gain a clearer understanding of their real exposures.

Ironically, organisations often gain the clearest view of their true exposures when leaders don't use the "R" word.