



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 Three, Find “Risk Management” Replace “Good Management”

Series One: From Compliance to Commercial Risk Leadership

Some time ago I attended a risk presentation where the speaker made a provocative observation. He suggested he could take his entire slide deck, run a simple “find and replace,” substitute the words *risk management* with *good management* — and deliver the presentation again without missing a beat.

At first, this sounded ridiculous.

But the more I reflected on it, the more I realised it would actually work. And if that is true, what does it say about the real relationship between risk management and good management?

For executives trying to move from compliance-driven thinking toward commercial risk leadership, this question matters. Because in many organisations, risk management is simply a structured form of good management.

When You Strip the Frameworks Away

If we remove the jargon, the models and the governance language, risk management is fundamentally about two things.

First, establishing clear accountability.

Second, making informed decisions under uncertainty.

Most first-line leaders would recognise these responsibilities immediately. Setting objectives, allocating resources, anticipating disruption and navigating ambiguity are core elements of running a business.

“High-performing managers rarely experience these activities as ‘risk management.’ They experience them simply as management.”

The overlap is significant.

Both the business and the risk function are ultimately concerned with achieving objectives, optimising performance and reducing the likelihood of shocks that could derail execution.

Where risk management adds distinctive value is not in defining these aims — but in structuring how decisions are made.

Introducing Deliberate Thinking

Daniel Kahneman’s work on *System I and System II thinking* provides a useful lens.

Operational leaders often rely on System I — fast, intuitive judgement shaped by experience. This enables decisive action and helps organisations capture opportunities in dynamic environments.

In many cases, this is a strength.

However, significant or complex decisions frequently involve multiple assumptions, hidden dependencies and unintended biases. When organisations rely solely on intuition or hierarchy, decision rigour does not always scale with consequence.

Risk management introduces more System II thinking into the process.

By explicitly documenting context, objectives, assumptions, options and implications, it creates transparency. Stakeholders develop a shared understanding of trade-offs. Decisions become more repeatable and defensible.

A risk register, for example, is not merely a compliance artefact. It is also a powerful accountability map, clarifying who owns which exposures and how they are being addressed.

In this sense, risk management reinforces — rather than replaces — good management discipline.

A Familiar Decision Framework

Executives familiar with Australian Institute of Company Directors governance training will recognise the structured decision model suggested in their training.

The steps are intuitive and practical, what is striking is how closely they mirror the ISO:31000 risk management process:

AICD Decision Process	ISO 31000 Risk Process	Underlying Intent
Lay out the problem	Establish the context	Focusing on understanding the broader context
Define objectives / criteria	Risk identification	Objectives and risks are the different sides of the same coin
Generate options	Risk analysis	Analysing scenarios and options
Evaluate options	Risk evaluation	Making the decision based on options and constraints
Select an option	Risk treatment	Progressing the chosen strategy
Monitor and adjust	Monitoring and review	Ongoing monitoring of effectiveness

Both processes aim to ensure decisions are grounded in clarity of purpose, structured analysis and ongoing oversight. The language differs, but the underlying intent is remarkably similar.

This suggests risk management is not a separate discipline competing with management. It is a framework that can help organisations **make better management decisions**.

What This Means for Executives

For senior leaders, the implication is not that risk management should replace managerial judgement.

Rather, it should complement it.

Organisations need both fast, experience-based decision-making and deliberate, structured analysis. Opportunities can be lost if every decision becomes procedural. Equally, significant exposures can be overlooked if intuition is allowed to dominate complex choices.

Executives therefore need to be deliberate about how decision rigour scales with consequence. Not every decision needs a framework. But the most important ones rarely benefit from intuition alone.

Routine operational calls may rely on delegation and judgement. Strategic initiatives, major investments or cross-functional changes benefit from greater transparency, challenge and documentation.

Risk management provides a ready-made process to support this escalation and rigour.

When used well, it strengthens execution confidence and aligns stakeholders without slowing momentum unnecessarily.

Practical Takeaways

Risk management is not an alternative to good management. It is an important component of it.

Senior leaders should recognise its core contributions: clarifying accountability and supporting informed decision-making under uncertainty. They would benefit from:

- Leveraging risk registers to serve as accountability maps — not just reporting tools.
- Being deliberate about when decisions require additional structure, particularly where complexity or impact increase and also when multiple stakeholders are involved.

In many situations, the existing risk management process can serve as the basis of a highly effective decision framework.

That is why the “find and replace” test will almost always work. Substitute *risk management* with *good management* and the logic still holds.

However, the substitution will unlikely work in reverse as risk management strengthens good management – but does not define it.