



The CRO Brief

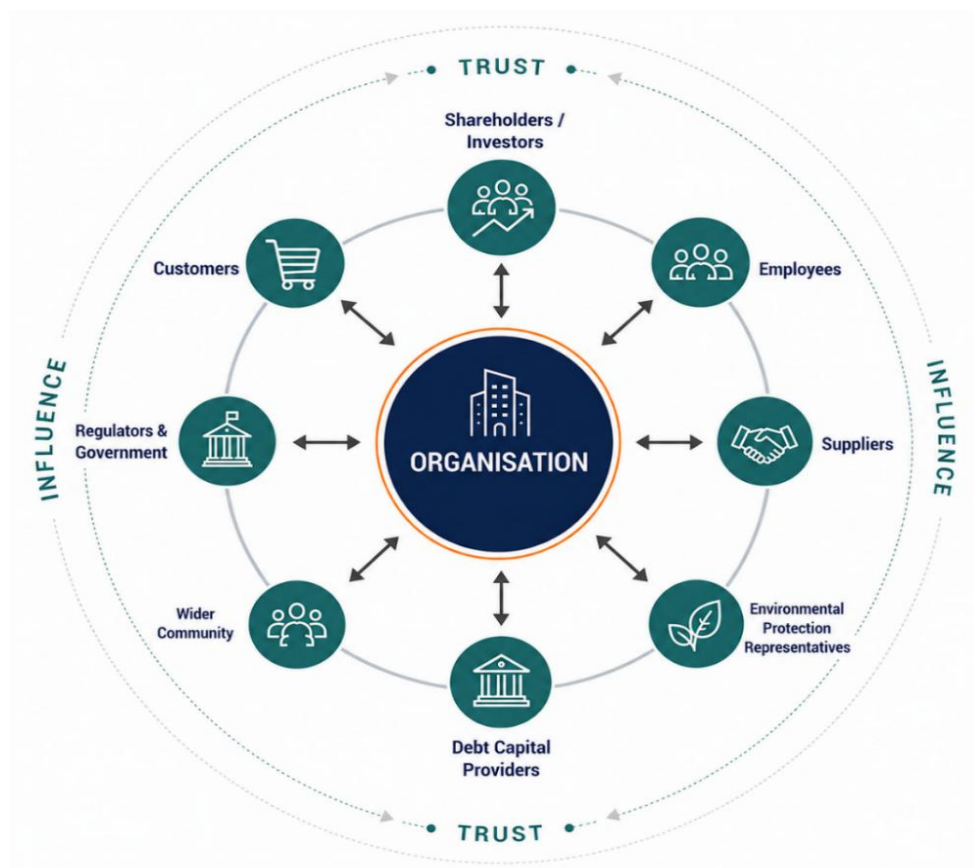
Risk as Competitive Advantage

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

★ S2 – Issue Six, Trust: Your Most Valuable Strategic Asset

Series Two: Improving Decision Quality in Uncertain Environments

Organisations like to believe they control their own destiny. Increasingly, they don't.



Every organisation is part of an ecosystem. They are interconnected with networks of customers, employees, suppliers, investors, regulators, communities, debt providers and the environment. Each of these stakeholders has different expectations, different needs and different measures of success.

Yet all stakeholders have one thing in common, they continually judge the decisions your organisation makes.

Over time those decisions define your organisation's personality. Stakeholders begin to understand what you stand for, how consistently you behave and whether your actions align with your stated values.

Those judgements become trust and trust becomes one of the most valuable strategic assets an organisation can possess.

Core Insight

Organisations often view stakeholder engagement as something that happens after decisions have been made, The opposite should be true.

The quality of our decisions improves when we deliberately consider the broader stakeholder network before decisions are made, because doing so reduces uncertainty about both their needs and how they are likely to respond.

Doing so creates three powerful advantages.

Better Information

Every stakeholder understands something your organisation does not.

- Customers reveal changing expectations.
- Employees identify emerging operational issues.
- Suppliers provide insight into supply chain resilience.
- Investors increasingly assess whether value can be sustained over the long term.
- Communities and environmental representatives highlight impacts that may otherwise remain invisible.

Even regulators provide valuable information. Their role extends beyond enforcing compliance. Key reasons they exist include protecting consumers and maintaining a level playing field across an industry. Where individual customers have limited influence, regulators often become their collective voice.

Each perspective improves management's assumptions, reduces blind spots and decreases uncertainty about how important decisions are likely to be received.

Better Relationships

Every decision with stakeholder implications tells them something about your organisation.

- Do you listen?
- Do you act consistently?
- Can you be trusted?

Your organisation's personality isn't defined by what it says. It is defined by the decisions it makes.

Stakeholders don't only judge the outcome of your decisions—they judge the way you make them. When they believe their interests have genuinely been considered, relationships deepen. Trust grows. Organisations also develop a much richer understanding of stakeholder expectations and preferences, allowing future decisions to better reflect what matters most.

This creates a virtuous cycle. The more we understand our stakeholders, the better our decisions become. The better our decisions become, the more trust we build. The more trust we build, the greater the confidence stakeholders place in our future decisions.

Better Outcomes

The organisations that consistently create long-term value rarely avoid uncertainty. Instead, they experience uncertainty differently.

- Projects encounter less opposition.
- Products align more closely with customer needs.
- Legal disputes become less likely because stakeholders believe their interests have been considered.
- Regulators are more inclined to work constructively with organisations they trust.
- Investors gain confidence in leadership's stewardship.

When difficult decisions inevitably arise, trusted organisations are far more likely to receive the benefit of the doubt. Trust doesn't remove uncertainty, it cushions its consequences.

Implications for Executives

Every decision with stakeholder implications should therefore be viewed as more than simply solving today's business problem..

- It is an investment in tomorrow's relationships.
- It shapes how customers describe your organisation.
- It influences how regulators respond when problems emerge.
- It determines whether suppliers collaborate during disruption.
- It affects whether employees choose discretionary effort.
- It influences whether investors believe management can be trusted to create sustainable value.

In other words, every decision either charges or depletes the organisation's trust battery. You may not fully appreciate its value during normal operations, but when the lights go out, you will want it fully charged.

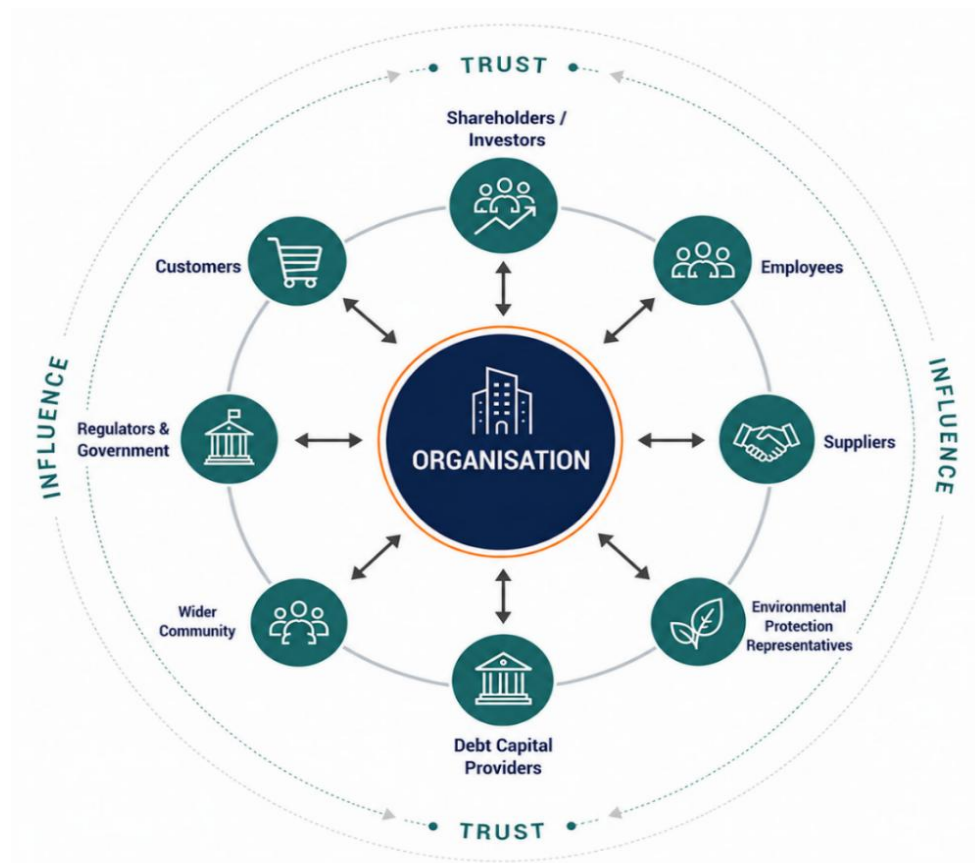
That is why considering stakeholders should never be viewed as a compliance exercise, a communications activity or an ESG obligation.

It is one of the most practical ways to improve decision quality while simultaneously reducing uncertainty about how those decisions will be received.

Practical Takeaways

Before making your next significant decision, ask three questions:

1. Which stakeholders will be materially affected by this decision and whose perspective might we be missing?
2. Have we genuinely understood their needs and likely response, or are we relying on assumptions?
3. Will this decision strengthen or weaken the trust we've spent years building?



Notice something that is easy to miss. Every arrow points in **both directions**. Influence is never one-way. Every decision shapes your stakeholders, and every stakeholder shapes your organisation.

The question is not whether they will influence your success. It is whether you've invested enough in those relationships before uncertainty arrives.

Trust isn't created when uncertainty arrives. It is merely tested.