

BEYOND THE SUBMISSION

The Regulator as Stakeholder — Managing the Relationship Nobody Teaches

A Practitioner's Perspective on Regulatory Engagement as a Leadership Discipline



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1. The Relationship Nobody Prepares You For

In every regulated organisation there is a relationship that matters more than almost any other — more than the relationship with the largest customer, more than the relationship with the board, sometimes more than the relationship with the market itself. It is the relationship with the regulator. And yet it is the relationship for which leaders are least prepared.

No MBA programme teaches regulatory engagement. No leadership development curriculum covers it. No mentor sits a newly appointed director down and says: the single most consequential relationship you will manage in this role is with a statutory body that can shut down your operations, fine you into insolvency, and define the terms on which you are allowed to do business. Here is how to do it well.

The result is that regulatory engagement, in most organisations, is a skill learned by accident — or not learned at all.

2. The Default Modes

In my experience, organisations default to one of three modes in their relationship with the regulator, and all three are inadequate.

2.1 Compliance Mode

The regulator asks; the organisation does. Submissions are made on time, requests for information are answered, and the relationship is entirely reactive. The organisation treats the regulator as a bureaucratic requirement — something to be satisfied rather than engaged with. This mode is low-risk in the short term but creates no goodwill, builds no trust, and leaves the organisation with no influence over regulatory direction. When something goes wrong — and in a regulated organisation, something always eventually goes wrong — there is no relationship to draw upon.

2.2 Adversarial Mode

The organisation treats the regulator as an opponent. Every regulatory requirement is challenged, every consultation response is a negotiating position, and the legal team is the

primary interface. This mode is occasionally effective on specific issues but corrosive over time. Regulators remember. They have long institutional memories and they talk to each other. An organisation that builds a reputation for adversarial engagement will find that the regulator's approach becomes correspondingly less accommodating — more prescriptive, more intrusive, less willing to extend the benefit of the doubt.

2.3 Capture Mode

The organisation attempts to co-opt the regulator — through secondments, through industry bodies, through social relationships, through the revolving door between regulator and regulated. This mode carries the highest risk of all, because when it fails, it fails catastrophically. A regulator that believes it has been manipulated will respond with a severity that far exceeds the original offence. And in the current environment, with increasing public and political scrutiny of regulatory effectiveness, the tolerance for perceived capture is lower than it has ever been.

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3. What Good Looks Like

The organisations that handle regulatory relationships well share several characteristics, none of which are complicated but all of which require sustained leadership attention.

- They invest in understanding the regulator's objectives. Not just the published rules, but the underlying policy intent. What is the regulator trying to achieve? What pressures is it under — from government, from the public, from international peers? What does it worry about that it has not yet translated into formal requirements? Leaders who understand the regulator's world can anticipate its direction, which is vastly more valuable than merely responding to its demands.
- They maintain the relationship continuously, not episodically. The worst time to build a relationship with a regulator is during a crisis. The organisations that do this well have regular, structured engagement — not just at the compliance level but at the senior leadership level. The Chief Executive who meets the regulatory director twice a year, outside of any specific issue, is building something that cannot be bought or faked when it is needed.
- They are honest about bad news. This is the hardest discipline and the most important. Regulators expect problems. They do not expect perfection. What they cannot tolerate — what destroys trust irreparably — is being surprised by something the organisation knew about and did not disclose. The leaders who manage regulatory relationships well are the ones who pick up the phone when something has gone wrong, before the regulator finds out from another source.
- They separate the regulatory relationship from the legal relationship. Legal counsel is essential for formal submissions, contested positions, and enforcement proceedings. But the day-to-day relationship between the organisation and its regulator should not be mediated primarily through lawyers. Lawyers optimise for legal risk. Regulatory relationships require a broader optimisation — for trust, for credibility, for the long-term operating environment.

4. The Leadership Gap

The reason this capability is so underdeveloped is not mysterious. It falls between organisational functions. The compliance team understands the regulatory requirements but typically lacks the seniority and the mandate to manage a strategic relationship. The legal team has the seniority but frames everything through a legal lens. The business leadership has the authority but often views the regulator as someone else's problem — a constraint to be navigated rather than a relationship to be cultivated.

The result is that nobody owns the regulatory relationship at the level it requires. It is managed piecemeal: compliance handles the submissions, legal handles the disputes, and the CEO handles the crises. There is no coherent strategy, no continuity, and no development of the skills that effective regulatory engagement demands.

This is a leadership failure, not a functional one. The CEO or managing director of a regulated organisation should treat regulatory engagement as a personal responsibility — not in the sense of handling every interaction, but in the sense of setting the tone, defining the strategy, and ensuring that the organisation presents a coherent, credible face to the body that licenses it to operate.

5. The Skills That Matter

Regulatory engagement requires a specific set of skills that are distinct from general stakeholder management, and they are learnable even though they are rarely taught.

Patience is the first. Regulatory processes are slow by design. They involve consultation, deliberation, and procedural rigour that can feel agonising to leaders accustomed to commercial pace. The temptation to force the pace, to escalate, to go over heads, is strong and almost always counterproductive.

Precision is the second. Regulators live in a world of exact language. A word that means roughly the same thing to a business leader may mean something entirely different to a regulator. The discipline of saying exactly what you mean — no more, no less — is essential and often absent.

Perspective-taking is the third. The ability to see the organisation through the regulator's eyes — not as it sees itself, but as a source of risk to the consumers or markets or systems the regulator is charged with protecting. Leaders who can make this cognitive shift are the ones who anticipate regulatory concerns before they are raised and address them before they become demands.

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6. A Practitioner's Honest Reflection

I have watched organisations get this right and get it badly wrong, sometimes in consecutive years. The difference is almost never resources or process. It is leadership attention. The organisations where the senior leader takes the regulatory relationship seriously – invests time in it, prepares for meetings, follows up on commitments, treats the regulator's perspective as genuinely informative rather than merely inconvenient – are the organisations that operate with more freedom, not less. They earn supervisory trust, and supervisory trust translates into operational flexibility.

The organisations that treat the regulator as a nuisance, that delegate the relationship to the compliance function and engage only when forced to, are the ones that find themselves on the receiving end of intrusive supervision, detailed prescriptions, and enforcement actions that consume years of leadership capacity.

The irony is sharp. The organisations that invest least in the regulatory relationship end up spending the most time on regulatory problems. The ones that invest most end up spending the least. It is, when viewed clearly, not a difficult calculation. It is just one that nobody teaches the people who need to make it.