

BLACKRIDGE INSTITUTE | RESEARCH BRIEF

The EDGE Readiness Gap

Why the Leader-to-Enterprise-Leader Transition Fails
and What Organizations Can Do About It

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"The market solved for skills. BlackRidge solves for readiness."

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EXECUTIVE SUMMARY

The highest-stakes promotion decision any organization makes is the one that moves a leader from functional excellence to enterprise leadership. It is the decision that boards agonize over, CHROs spend years preparing for, and organizations get wrong with startling consistency.

The market solved for skills. BlackRidge solves for readiness.



The leaders being moved into enterprise roles are functionally excellent. What they have not been assessed for is whether they are ready for the categorically different demands of enterprise leadership — demands that functional excellence does not develop and that no performance review has ever been designed to measure.

BlackRidge built the Leadership Readiness Diagnostic to help organizations identify EDGE readiness before the transition happens. This white paper explains what the EDGE readiness gap is, why it appears consistently even in organizations with sophisticated talent management systems, what it costs when it goes unaddressed, and how organizations can close it through development readiness assessment before the most consequential promotion decision they will make.

SECTION ONE

The Transition That Changes Everything

Every leadership transition requires adjustment. The peer-to-boss transition requires identity recalibration. The doer-to-leader transition requires letting go of technical execution. The

manager-to-leader-of-leaders transition requires building capacity through systems rather than through direct influence.

The leader-to-enterprise-leader transition requires all of those things simultaneously and adds a dimension none of the previous transitions prepared anyone for. Enterprise leadership requires operating without stable ground.

Enterprise leaders operate at the intersection of everything.

They are accountable for the performance of functions they do not directly lead. They must build and maintain alignment among peers who have competing priorities and legitimate disagreements about direction. They must represent the organization to boards, investors, regulators, customers, and communities simultaneously. They must make consequential decisions with incomplete information under time pressure in conditions of genuine uncertainty — not the managed uncertainty of a functional leadership role but the existential uncertainty of an organization navigating markets, competitive forces, and geopolitical dynamics that no one fully controls.

Day, Riggio, Tan and Conger (2021), writing in *The Leadership Quarterly*, explicitly identified seven unsolved problems in leadership development and called for theoretically grounded, behaviorally measured, longitudinally validated systems. BlackRidge was built in direct response to that call.

That is the EDGE readiness gap. And it is the most expensive gap in the organizational leadership pipeline.

SECTION TWO

Why Functional Excellence Creates EDGE Risk

The pattern at the EDGE transition mirrors the pattern at every previous transition in the BlackRidge framework. The qualities that built success at the prior level create specific and predictable risk at the next level.

Functional leaders are rewarded for domain expertise, decisive action within their scope of authority, and measurable results in the areas they own. When a functional leader steps into an enterprise role the credibility currency changes. Domain expertise becomes less relevant than enterprise judgment.

McKinsey research shows that only 30% of organizations believe their leadership selection processes consistently identify the right leaders for senior roles.

The EDGE readiness indicators are specific and distinct:

Adaptability under sustained pressure: The capacity to operate effectively when the environment provides no stable reference point.

Systems identity: The shift from seeing oneself as a functional leader to seeing oneself as an enterprise steward responsible for the health of the whole organization.

Cultural authority: The ability to shape and sustain organizational culture across functions, geographies, and generations of employees who will never meet you personally.

Board and stakeholder navigation: The capability to build and maintain trust with audiences whose interests are legitimate, whose perspectives are diverse, and whose confidence in enterprise leadership directly affects organizational performance.

None of these are visible in how someone leads their function. All of them determine whether the EDGE transition produces transformative enterprise leadership or an expensive and destabilizing failure at the highest level of the organization.

SECTION THREE

The Succession Planning Paradox

Organizations invest more in executive succession planning than in any other talent management process. They identify high-potential candidates years in advance. They provide stretch assignments, executive coaching, board exposure, and cross-functional rotations. They conduct formal succession reviews at the board level. And they still get it wrong nearly half the time.

The succession planning paradox is that the sophistication of the process does not address the fundamental question the process is designed to answer: Is this person actually ready for the identity shift that enterprise leadership requires?

\$2.5M+

Direct replacement cost per failed C-suite transition (conservative estimate)

Forbes / HBR / Topgrading

50%

of companies lack a formal C-suite succession plan

HBR / Spencer Stuart

37%

of CHROs cite succession planning as a significant ongoing challenge

SHRM 2026

One failed C-suite transition does not just cost the organization a leader. It costs the organization momentum, culture, and in some cases years of strategic progress. The indirect costs — including strategic disruption, talent exodus among high performers, market confidence erosion, and organizational energy consumed by leadership instability — consistently exceed the direct costs.

SECTION FOUR

The Adaptability Crisis

The EDGE readiness gap has never been more consequential than it is in 2026 because the enterprise leadership environment has never been more demanding of the specific capabilities that enterprise readiness requires.

Resilience — the ability to recover from setbacks — is no longer sufficient for enterprise leadership. What enterprise leaders need is adaptability: the capacity to operate without stable ground.

Adaptability demand among leaders has surged 69 percent while the supply of leaders who demonstrate genuine adaptability under sustained pressure represents the largest gap in the leadership market. That gap is most acute at the enterprise level where the demands on adaptability are highest and the consequences of an adaptability deficit are most severe.

Conger (2024) argued that leadership development must shift from a reactive coaching model to a preventative medicine model that identifies and addresses transition risk before failure occurs. At the EDGE level this is existential. Enterprise leader failure does not cost one leader's productivity. It costs organizational direction, strategic execution, and institutional trust.

The BlackRidge Approach to EDGE Readiness

The LRD finds the gaps — at every transition from first-time manager to enterprise leader. The curriculum closes them. The BLEI ensures they're closed.

The Leadership Readiness Diagnostic is not a selection tool. It does not tell organizations who should be appointed to enterprise leadership roles. What the LRD does is give organizations a development readiness picture of their enterprise succession pipeline so that preparation investments are directed with precision.

At the EDGE level the LRD examines four specific readiness indicators:

Adaptability under sustained pressure: The capacity to operate effectively when the environment provides no stable reference point.

Systems identity: The shift from seeing oneself as a functional leader to seeing oneself as an enterprise steward responsible for the health of the whole organization.

Cultural authority: The ability to shape and sustain organizational culture across functions, geographies, and generations of employees who will never meet you personally.

Board and stakeholder navigation: The capability to build and maintain trust with audiences whose interests are legitimate, whose perspectives are diverse, and whose confidence in enterprise leadership directly affects organizational performance.

The organizational readiness report gives CHROs and boards something succession planning has never previously provided: not just who performed well functionally — but who is actually ready for what enterprise leadership demands.

Instrument	LRD — Leadership Readiness Diagnostic
Behavioral indicators	120
Readiness dimensions	24

Time per rater	15 minutes
Who completes it	Manager-completed
Report delivery	6 weeks from contract signature
Methodology	BARS — SIOP / APA / ITC aligned
Purpose	Development readiness — not selection or promotion recommendation

Diagnose the gap. Develop the leader. Measure the change.

SECTION SIX

What EDGE Readiness Looks Like in Practice

A Research-Informed Scenario

The following scenario is constructed from published research by SHRM, ATD, McKinsey, Russell Reynolds, Harvard Business Review, and DDI to illustrate what the EDGE readiness gap looks like in a large organization and what changes when development readiness is assessed before the transition happens.

Consider a healthcare organization with eight thousand employees navigating a planned CEO succession. Three strong internal candidates — all accomplished functional leaders — have received executive coaching, board exposure, cross-functional assignments, and formal succession reviews over two years. On paper the pipeline looks strong.

Eighteen months before the planned transition the board asks the CHRO a question the succession planning process has not been designed to answer: not which candidate performed best functionally, but which of them is actually ready for the specific demands of leading this organization at the enterprise level through the next five years.

Without a development readiness assessment the CHRO has three options: rely on gut instinct and functional performance data, hire an executive search firm to benchmark internally, or delay the succession decision without a clear picture of what preparation is needed. None of them answers the board's question.

The Readiness-First Alternative

With the LRD administered eighteen months before the transition, the organizational readiness report surfaces specific profiles across all four EDGE indicators. Candidate one shows strong adaptability and cultural authority but identifiable gaps in stakeholder navigation — addressable with targeted development over eighteen months. Candidate two shows exceptional systems identity but lower adaptability scores. Candidate three shows the most developed enterprise identity of the three.

The difference between the two scenarios is not the quality of the succession candidates — it is identical in both. The difference is whether the organization understood enterprise readiness before making its most consequential talent decision, or relied on functional performance data and intuition alone.

Enterprise leadership demands more than functional excellence.

It demands readiness for a categorically different kind of leadership challenge. BlackRidge was built to assess that readiness before the transition happens.

LEARN MORE ABOUT THE LEADERSHIP READINESS DIAGNOSTIC

blackridgeinstitute.com
info@blackridgeinstitute.com
LinkedIn: BlackRidge Institute

"BlackRidge didn't build a training company. We built a readiness infrastructure."

In the military we never confused performance with readiness. Corporate America has been making that mistake for decades. BlackRidge is here to fix it.

2026 MARKET CONTEXT

The Environment That Makes This Urgent

The EDGE readiness gap has never been more consequential. Three converging forces in 2026 are making enterprise leadership transition failure increasingly expensive and increasingly visible.

What CHROs Are Being Asked to Solve (SHRM, 2026)

- Leadership development is the #2 CLTO priority (54%) — second only to AI-driven upskilling (i4CP, 2026)
- Fewer than 20% of HR leaders can measure the business impact of leadership development initiatives (Gartner, cited in Pinsight 2026)
- Fewer than 25% of organizations believe their succession plans are effective (Gartner, cited in Pinsight 2026)
- "Equating strong performance with readiness for the next level" is named as an explicit organizational failure mode (PRADCO, 2026)
- "HR and talent executives are moving away from intuition-based promotion decisions toward science-backed models" (LWF Leadership Trends 2026)
- Leadership readiness has emerged as a strategic priority — succession planning is now a core organizational capability, not an annual HR activity (PRADCO, March 2026)
- Adaptability demand among enterprise leaders has surged 69% — the largest supply gap of any leadership capability in the market (ATD, 2026)

What the Competitive Landscape Reveals

The entire leadership development industry — DDI, CCL, Korn Ferry, FranklinCovey, Harvard Business Publishing, BTS Group — clusters around the same exhausted vocabulary: "unlock potential," "data-driven insights," "actionable development plans." None of them own the language of readiness at the moment of transition. BlackRidge occupies a category no major competitor currently claims.

Firm	What They Measure	What They Miss
DDI	Skills and competencies	Readiness at the transition point
Korn Ferry	Potential across 4 dimensions	Pre-promotion behavioral verification
CCL	Self-awareness and 360 feedback	Manager-observed readiness evidence
FranklinCovey	Philosophy and habit adoption	Transition-specific diagnostic data
Heidrick & Struggles	Leadership under pressure (observational)	Behavioral change before promotion
BlackRidge	Readiness at the moment of transition	The only instrument in this category

RESEARCH FOUNDATION

The following peer-reviewed and industry sources form the evidence base for the claims and framework in this white paper. All quantitative claims are sourced from independent published research and clearly attributed.

PEER-REVIEWED RESEARCH

- Day, D.V., Riggio, R.E., Tan, S.J. and Conger, J.A. (2021). Advancing the science of 21st-century leadership development. *The Leadership Quarterly*, 32(5), 101557.
- Bouland-van Dam, S.I.M. et al. (2020). Unravelling leadership potential. *European Journal of Work and Organizational Psychology*, 29(3).
- Conger, J.A. (2024). Leveraging leadership development to pre-empt leader derailments. *Behavioral Sciences*, 14(12), 1122.
- Church, A.H. et al. (2021). Is there potential in assessing for high-potential? *The Leadership Quarterly*.
- Agrawal, V. and Bhandar, M. (2026). Building first-line leadership in contract research organizations. *IJCSRR*, 9(1).
- Hogan, R., Hogan, J. and Kaiser, R.B. (2010). Management derailment. (Cited in Conger, 2024.)

CHRO & TALENT RESEARCH (2025–2026)

- SHRM CEO Priorities Report, 2026 — 116 CEOs surveyed.
- SHRM: Succession Planning Reports (2025–2026). Society for Human Resource Management.
- i4CP: CLTO Priorities 2026. Institute for Corporate Productivity.
- PRADCO: Leadership Readiness Research, March 2026.
- Gartner: Top HR Priorities 2025–2026. (Cited in Pinsight 2026.)
- LWF Leadership Trends 2026.
- Evanta: 2026 CHRO Leadership Perspectives.

INDUSTRY & MARKET RESEARCH

- DDI Global Leadership Forecast. Development Dimensions International.
- ATD: Future-Ready Leadership: Five Drivers Talent Development Cannot Ignore in 2026.
- ATD: The Future of Leadership: Anchor, Empower, Elevate.
- Deloitte: 2026 Human Capital Trends — "Building the Human Advantage."
- Russell Reynolds: Why C-Suite Transitions Fail. Russell Reynolds Associates.
- McKinsey: Successfully Transitioning to New Leadership Roles.
- DHR Global: Leadership Transition Research, 2026.
- Pinsight: Leadership Assessment Trends, 2026.

COST & FINANCIAL RESEARCH

- HBR: Resilience Won't Save Your Organization. Adaptability Will. February 2026.
- Forbes / HBR: Cost of replacing a failed executive — 2.5 to 10x annual salary.
- Bradford Smart: Topgrading Research on Executive Mis-hire Costs.
- PwC Strategy&: Shareholder value destroyed by forced CEO exits.
- McKinsey: \$1T+ in market value destroyed annually from poorly managed transitions (S&P; 1500).
- Fast Company: Managing Executive Transitions. July 2025.

The Leadership Readiness Diagnostic is a development readiness tool built on a framework informed by standards established by SIOP, APA, and ITC. It is designed to inform development planning and is not intended for use as a selection or promotion recommendation instrument.

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