Pinsight

PINSIGHT RESEARCH | EXECUTIVE INTELLIGENCE REPORT 2026

Change Is Moving Faster Than Leadership Readiness



14,396
Leaders Assessed

3 Levels
Leadership Levels

Global
Industries & Regions

5 Years
Assessment Data

What **14k leaders** reveal about the hidden gaps threatening today's biggest transformation agendas - AI, automation, operating-model change, and the fight for future market position.

© 2026 Pinsight®. All rights reserved.

CONTENTS

What You Will Find Inside

00 **Executive Summary**
The governing insight, key findings, and strategic imperative

01 **The Transformation Imperative**
Why change is accelerating across every industry — and why leadership pipelines built for stability are no longer fit for purpose

02 **What 14,396 Leaders Reveal**
Pinsight's global assessment data across three leadership levels

03 **The Compounding Adaptation Gap**
How organizational structure systematically amplifies leadership risk at every level

04 **The $43 Million Decision**
Quantifying the true cost of leadership misplacement in transformation-intensive environments

05 **From Research to Action: Closing the Leadership Gap**
The three-level transformation roadmap, talent decision model, and Talent operationalization guide

06 **Industry Signals: Manufacturing & Financial Services**
How the Compounding Adaptation Gap manifests differently by sector — and what the data says about closing it

07 **The Pinsight Approach**
Inside the executive simulation — and the ROI case for modern assessment

- **References & Sources**
Full citation index

Pinsight® | © 2026 Pinsight®. All rights reserved.

Pace of Change Is Not The Problem. It's Leadership Readiness to Handle It.

Transformation is accelerating, but we argue that the real bottleneck is not technology, capital, or strategy — it is leadership readiness. Based on Pinsight's assessment of 14,396 leaders across executives, mid-level directors, and frontline managers, the report finds that most leadership pipelines were built for stability and operational execution, not continuous disruption. As AI, automation, operating-model change, and market volatility intensify, organizations increasingly need leaders who can adapt, learn, translate strategy into action, and build trust through uncertainty.

The core finding is the "Compounding Adaptation Gap": **transformation energy starts at the top but weakens as it moves through the hierarchy**. Executives are more likely to show curiosity and support transformation, yet often fail to fully model learning or remove barriers. Mid-level leaders represent the most acute bottleneck, with 39% struggling to translate strategy into implementation plans. At the frontline, 35% struggle to communicate the vision, limiting adoption where change must actually take hold. These gaps create measurable risk: for a typical enterprise of 50-70k employees, leadership misplacement can expose the business to $26 million to $43 million in annual cost.

The report recommends embedding transformation readiness into hiring, promotion, succession, and development. HR leaders should audit leadership readiness, revise promotion criteria to include curiosity and change leadership, rebuild succession slates around objective evidence, replace legacy assessments with simulation-based behavioral data, and track transformation behaviors in performance systems. Pinsight's simulation-based leadership intelligence platform can help identify, develop, and advance leaders who can convert transformation ambition into operational reality.

27 %

of **executives** show learning gaps, risking cautious transformation that favors control over bold, enterprise-wide change and adoption.

39 %

of **mid-level directors** struggle to implement strategy, causing fragmented adoption, uneven scaling, and under-realized transformation value.

35 %

of **frontline managers** struggle to communicate vision, creating shallow adoption and unresolved last-mile transformation challenges.

© 2026 Pinsight®. All rights reserved.

CHAPTER 01

The Transformation Imperative: Why Leadership Pipelines Built for Stability Are Breaking

For most of the twentieth century, organizational change was episodic. Transformation happened in distinct, bounded events — a merger, a market entry, a new technology platform. Between those events, stability was the operating assumption. Leadership was selected and rewarded accordingly.

That assumption no longer holds. The past decade has produced a form of organizational change that is not episodic but continuous — driven simultaneously by the restructuring of competitive boundaries through technology, the redefinition of operating models, accelerating workforce capability demands, and geopolitical and regulatory volatility. What once took years now takes quarters. What took quarters can take weeks. And the organizations that will outperform over the next decade are not those with the strongest current market position — they are those with the leadership capacity to navigate discontinuous change without losing operational momentum.

Our data shows that the challenge is structural. Most organizations understand intellectually that the pace of transformation is increasing. What they have not yet confronted is that the people in their leadership positions were selected, promoted, and developed under a different set of criteria than those the current environment demands. McKinsey's State of Organizations research identifies leadership and talent as the single most important factor in successful transformation, yet fewer than a third of organizations believe their current leadership population has the capabilities required for the transformation journeys they have committed to.[3]

© 2026 Pinsight®. All rights reserved.

The Leadership Mismatch

The leaders in most organizations are not poorly chosen. They were promoted and hired based on evidence that was genuinely available at the time: the ability to hit targets reliably, deliver results in well-defined roles, manage complexity within established boundaries, and demonstrate consistent execution over time. These are the criteria that most performance management systems track, most succession decisions weigh, and most executive hiring processes evaluate.

The problem is not the quality of these criteria in isolation. The problem is what they leave out. Past performance in a stable role is a strong predictor of future performance in the same stable role. It is a much weaker predictor of how a leader will perform when the role itself is being redefined: when strategy is shifting, when workflows are being redesigned around new technology, when organizational resistance must be navigated, and when the answer is not yet known. That is the condition that transformation imposes. And it is the condition for which most hiring and promotion processes generate almost no useful evidence.

Adaptability - the capacity to perform effectively under genuinely novel conditions, to build new organizational capabilities, and to lead others through uncertainty - has been systematically underweighted in leadership hiring and promotion for decades. Not because organizations do not value it, but because the tools they rely on to make these decisions were never designed to measure it. Most rely on interviews informed by track record review, reference conversations, and manager assessments of potential — all of which look backward at what a leader has done, rather than forward at what a leader can do in conditions that have not yet existed.[3]

Research on the behavioral profile that transformation requires is unambiguous. An analysis spanning BCG, Deloitte, Gartner, Korn Ferry, DDI, Harvard Business Review, and peer-reviewed management science[8] — including Raisch and Krakowski's work on the automation-augmentation paradox[12] — identifies adaptability, learning agility, and change leadership as the defining differentiators between leaders who accelerate transformation and those who constrain it. These characteristics are measurable. They are not, however, visible in a track record review or an interview. Surfacing them requires a different kind of evidence — behavioral evidence collected under realistic pressure.

Key Finding

Most leaders were selected for a role that no longer exists. The hiring and promotion criteria that drove their advancement were calibrated to organizational conditions that valued delivery in defined roles above adaptability to undefined ones. As transformation becomes the permanent operating condition, not a periodic event, that calibration is producing a compounding mismatch between the leaders organizations have and the leaders they need.

© 2026 Pinsight®. All rights reserved.

The Enterprise Transformation Readiness Framework

Understanding where leadership sits in the organizational transformation system requires a structured model. The Enterprise Transformation Readiness Framework below identifies three interdependent layers of organizational capability that together determine whether any major change investment (technology, operating model, market repositioning, etc.) produces enterprise value.

Enterprise Transformation Readiness Framework

Layer	Domain	Core Components	Typical Investment Level
Layer 1	Technology & Operational Readiness	Data infrastructure · Platforms · Integration architecture · Process redesign	Heavy — primary budget focus
Layer 2	Organizational Readiness	Strategy · Governance frameworks · Operating model design · Change management architecture	Moderate — growing investment
Layer 3	**Leadership Readiness**	Behavioral capability · Adaptive potential · Execution orientation · Transformation-era skills · Derailer risk	**Insufficient — the critical gap**

Sources: Informed by BCG transformation research[10] and Deloitte enterprise AI scaling guidance research.[11]

Most organizations invest heavily in Layers 1 and 2 - and overlook Layer 3 almost entirely. The implicit assumption is that if the technology exists and the strategy is sound, the leadership layer will naturally adapt. Pinsight's past-five-years assessment dataset covering 14,396 leaders demonstrates this assumption is systematically incorrect, and nowhere is this more visible than in the highest-stakes transformation challenge organizations currently face: AI operationalization.

AI As The Defining Case Study

Of all the transformation challenges organizations currently face, AI operationalization is the most revealing. By 2025, 88% of organizations reported meaningful AI use, the fastest enterprise technology adoption in history.[1] Yet fewer than 7% have achieved genuine enterprise-wide value.[1] MIT NANDA research shows 95% of task-specific AI tools never reach production scale.[2] This is not entirely a technology problem. Organizations in the top quartile of AI capability are realizing 2.5 to 3.5 times greater operational efficiency gains than the average enterprise.[7] The difference is not their platforms - it is the leadership layer[13] translating AI investment into operational reality. **AI is the stress test. The leadership gap is the finding. And the findings apply to every transformation wave that follows.**

© 2026 Pinsight®. All rights reserved.

The Competitive Consequence

The organizations that are closing the transformation leadership gap now are not simply performing better on today's AI initiatives. They are building an organizational capability - a leadership pipeline that learns, adapts, and executes through change - that will compound into durable competitive advantage across every transformation wave ahead. Those that do not are accumulating a compounding liability: each transformation initiative that stalls because of leadership constraints widens the capability gap relative to the organizations that are moving.

> **The bottleneck is usually not technology, strategy, or capital. It is the capacity of the leadership system to translate transformation intent into organizational reality — repeatedly, at speed."**
>
> Pinsight Research Analysis, 2026



© 2026 Pinsight®. All rights reserved.

What ~14,000 Leaders Reveal: A Global Transformation Readiness Assessment

Between 2020 and 2026, Pinsight assessed 14,396 leaders through its simulation-based leadership intelligence platform. The sample spans three organizational levels: 1,894 executives (right below C-suite), 6,956 mid-level managers, and 5,546 frontline supervisors - across major global industries and geographies.

Study Sample Overview (N=14,396)

Level	N	Age (Mean ± SD)	Mgmt Experience (Mean ± SD)	Primary Assessment Focus
Executives VP+	1,894	47.6 ± 8.9	13.8 ± 7.6 yrs	Enterprise Strategy & Governance
Mid-Level Directors	6,956	42.6 ± 8.7	9.8 ± 6.4 yrs	Operational Integration & Scaling
Frontline Managers	5,546	37.8 ± 8.4	5.3 ± 5.7 yrs	Trust-Building & Driving Adoption

Source: Pinsight Leadership Intelligence Dataset, 2020–2026. Sample is broadly diverse: 35–40% female; ethnically representative across assessed regions; 45–55% hold Master's degrees or higher. Geographic distribution: Americas, Asia, Europe.

The assessment methodology integrates Pinsight's behavior-based virtual leadership simulation with personality-based workstyles measurement. Critically, the simulation component places leaders inside realistic, pressure-tested scenarios, such as coaching conversations, damage control decisions, cross-functional conflict resolution, and implementation planning, and measures actual behavior, not self-reported capability. This produces an evidence-based profile of how a leader performs under the conditions that enterprise transformation actually imposes.

© 2026 Pinsight®. All rights reserved.

Three Levels. One Systemic Challenge.

Executives VP+
N = 1,894

27 %

Gap in Promoting Learning

Enterprise Strategy & Governance

Key Risk: Well-controlled yet ultimately constrained enterprise transformation. Executive strengths in risk management and communication drive disciplined, but incremental, adoption rather than bold transformation.

Mid-Level Director
N = 6,956

39 %

Gap in Strategy Implementation

Operational Integration & Scaling

Key Risk: Fragmented adoption, uneven scaling, and significantly under-realized value from transformation investments. The critical translation layer between vision and execution is breaking down.

Frontline Managers
N = 5,546

35 %

Gap in Vision Communication

Trust-Building & Driving Adoption

Key Risk: Superficial adoption with inconsistent and uninformed trust in new tools at the point of execution - the last mile of enterprise transformation remains unresolved.



© 2026 Pinsight®. All rights reserved.

The Compounding Adaptation Gap: How It Amplifies at Every Leadership Level

Pinsight's assessment data reveals more than a set of isolated skill deficits. It reveals a structural organizational dynamic, one that operates regardless of whether the transformation challenge is AI adoption, operating model redesign, or market repositioning: the further down the leadership hierarchy, the weaker the openness for change. And the mechanism behind it is how promotion decisions have been made for decades.

When organizations promote into senior leadership, they usually apply more rigor and a broader set of criteria than they do at earlier levels. Executive candidates are evaluated not just for what they have delivered, but for how they think, how they handle ambiguity, and whether they project the kind of strategic vision the role demands. Curiosity — a deeply rooted personality tendency toward learning, exploration, and openness to unfamiliar ideas — increasingly becomes a threshold requirement at this level. Leaders who lack it don't make it to the executive level as often.

But this curiosity gate operates almost exclusively at the top. At every earlier career transition, from individual contributor to team lead, from manager to Director, the dominant criteria are operational: performance metrics, execution reliability, delivery against targets. Curiosity is not screened for. The result is a leadership pipeline where curiosity survives more by accident than by design, with only a subset of naturally curious leaders ultimately reaching senior roles.

The organizational consequence of this pattern is precisely what Pinsight's data reveals: a curious, transformation-oriented senior leadership layer that creates organizational tailwind by amplifying C-suite vision, aligning enterprise priorities, and championing momentum for change — paired with a progressively less change-oriented population below them that is increasingly oriented toward operational continuity, familiar execution patterns, and maintaining the status quo, leaving the organization structurally underprepared to translate transformation intent into operational reality.

© 2026 Pinsight®. All rights reserved.

How Curiosity Distributes Across The Leadership Hierarchy (N=14,396)

Leadership Level	Low Curiosity	Medium Curiosity	High Curiosity	What This Means for Transformation
Executive VP+	18.8%	34.7%	**44.2%**	Curiosity creates organizational tailwind — VP+ leaders amplify C-suite vision, align the enterprise, and champion momentum for transformation.
Mid-Level Director	28.2%	33.6%	34.5%	The tailwind weakens — curiosity is declining and execution discipline is becoming dominant. Translation of vision into action becomes unreliable.
Frontline Manager	31.8%	32.1%	31.7%	The tailwind is gone. Focus shifts toward maintaining day-to-day operations through familiar routines, and preference for the status quo increasingly outweighs openness to change.

Source: Pinsight Leadership Intelligence Dataset, 2020–2026. N=14,396. Curiosity measured via Pinsight's validated personality assessment.

The pattern reflects what organizations systematically selected for over time. It is the product of leadership systems that consistently rewarded operational execution, continuity, and reliability while rarely evaluating adaptability or openness to change. Senior executives are more curious not because senior roles create curiosity, but because the relatively small number of leaders who naturally possess such mindset managed to progress through a pipeline that seldom selected for it explicitly. At most levels of the organization, curiosity was simply never part of the equation.

> “
>
> Transformation ambition is championed at the top, where naturally curious leaders have survived more by accident than by design. Momentum fades as change moves through leadership layers optimized for operational continuity and familiar execution.
>
> **Pinsight Research Analysis, 2026**

© 2026 Pinsight®. All rights reserved.

The Compounding Effect: How the Tailwind Dies

When curiosity distribution is mapped against the transformation demands and behavioral gaps at each leadership level, a clear systemic pattern emerges.

Senior leaders often champion transformation with genuine energy and strategic intent. But many fail to consistently model continuous learning, remove organizational barriers, or create cultures that actively encourage experimentation and adaptation. Transformation is championed, funded, and communicated - but not fully embedded into how the organization operates. The vision exists, yet the organizational permission to challenge established ways of working remains limited.

As transformation moves into the middle of the organization, momentum begins to weaken. Mid-level leaders, the critical translation layer between strategy and execution, show the most acute and consistent capability gap across Pinsight's research. Thirty-nine percent struggle to translate strategy into operational plans. This is where transformation initiatives begin to fragment: priorities compete with day-to-day operational demands, cross-functional execution becomes inconsistent, and initiatives launch without sustaining long-term adoption or enterprise-wide impact.

By the time transformation reaches the frontline, the tailwind has died down. Thirty-five percent of frontline managers struggle to communicate the vision, and 33% can't synthesize information - the capabilities most essential for helping teams understand, trust, and operationalize change. At this level, leaders are increasingly optimized for operational continuity, familiar execution patterns, and maintaining day-to-day performance. As a result, transformation is often implemented mechanically rather than meaningfully. Team trust in the rationale for change remains shallow, and the final mile of transformation is never fully realized.

Each layer of the leadership system creates its own bottleneck. Together, those bottlenecks compound, steadily reducing the organization's ability to convert transformation ambition into sustained operational reality.



© 2026 Pinsight®. All rights reserved.

The Compounding Adaptation Gap - How The Transformation Tailwind Dissipates

Level	Transformation Role	Primary Capability Gap	Effect on the Transformation
Executive VP+	Where transformation is championed —strategic direction, investment approval	Insufficient modeling of continuous learning and barrier removal; transformation is sanctioned but not culturally embedded	The idea exists, the budget is committed — but the organizational permission to experiment and adapt is too narrow
Mid-Level Director	Where transformation must be translated — from strategy into operational reality, across functions and teams	39% can't translate strategy into implementation plans — the most acute and consistent gap across every industry Pinsight assessed	Vision fragments at the translation layer; initiatives are launched but not sustained; value is systematically under-realized
Frontline Manager	Where transformation must land — the point at which teams either adopt new ways of working or revert to established patterns	35% gap on vision communication; 33% on information synthesis — the skills needed to make change meaningful to individual contributors	Adoption is mechanical at best; team trust in the rationale for change is thin; the last mile of transformation is never fully covered

Source: Pinsight Leadership Intelligence Dataset, 2020–2026. N=14,396.

Strategic Implication

The Compounding Adaptation Gap explains why transformation programs - from AI scaling to operating model redesign - so often lose momentum despite strong investment and strategic intent. Transformation ambition begins at the top, where curiosity is strongest, but limited learning modeling and barrier removal constrain experimentation. Momentum weakens in the middle, where gaps in strategy implementation fragment execution, and fades further at the frontline, where leaders struggle to communicate the vision for change in meaningful ways. The result is a compounding system of bottlenecks in which transformation energy steadily dissipates as it moves through the organization.

© 2026 Pinsight®. All rights reserved.

The $43 Million Decision: Quantifying Leadership Misplacement Risk

The organizational consequences of leadership misplacement are not an abstract strategic risk. They carry a calculable financial cost, and in a transformation-intensive environment, that cost compounds with every program that stalls, every initiative that fragments, and every competitive window that closes while leadership gaps go unaddressed.

When the wrong leader is placed in a critical leadership role, the impact extends far beyond their individual underperformance. According to Harvard Business Review, there is a 50% probability that a new executive will leave the organization within 18 months of appointment.[14] Commentary in Forbes, citing Corporate Executive Board research, puts the executive underperformance rate at 50 to 70% within the same window.[16] Each misplaced leader accumulates costs across talent replacement, stalled initiatives, team disengagement, and lost organizational momentum, at a rate of 3 to 5 times annual salary, according to SHRM's cost methodology.[4]

The challenge is compounded by the inadequacy of current assessment processes. Most organizations rely on some combination of self-reported tests and consultant-led interviews - tools designed to evaluate how a leader has performed in past roles, under past conditions. What they do not generate is objective behavioral evidence of how a candidate will perform under genuinely novel conditions: the ambiguity, organizational resistance, and strategic redefinition that transformation demands.

© 2026 Pinsight®. All rights reserved.

> **Organizations get leadership placements right only about half the time because they rely on tools designed to evaluate historical success in familiar contexts — not how leaders will perform under the uncertainty and novel conditions that transformation demands.**
>
> Pinsight Research Analysis, 2026

The Financial Model: Annual Risk Exposure

Annual Leadership Misplacement Risk - Representative Enterprise (50,000 - 100,000 employees)

Line Item	Benchmark / Source	Annual Impact
Annual leadership transitions at mid- and executive level	~10% annual turnover (McKinsey, 2023)[3]	70 roles/year (50 mid + 20 exec)
Underperformance / early departure rate	~50% of leadership transitions underperform (HBR, 2017; Forbes, 2020)[14,16]	35 placements underperform
Cost per underperforming mid-level placement	$220K avg salary × 3–5× replacement cost (SHRM, 2017)[4]	$660K–$1.1M per leader
Cost per underperforming executive placement	$320K avg salary × 3–5× replacement cost (SHRM, 2017)[4]	$960K–$1.6M per exec
Cost of misplacement across the mid-level layer (25 placements)	25 × $660K–$1.1M	$16.5M–$27.5M
Cost of misplacement across the exec layer (10 placements)	10 × $960K–$1.6M	$9.6M–$16.0M
Total Annual Risk Exposure		**$26M–$43M**

Sources: McKinsey & Company,"The State of Organizations 2023."[3] Society for Human Resource Management (SHRM), "The Cost of a Bad Hire," 2017.[4] HBR executive-transition research, 2017[14] Forbes/CEB executive-failure commentary, 2020.[16] Salary estimatesare representative benchmarks; validate against current market data for specific use.

© 2026 Pinsight®. All rights reserved.

CHAPTER 05

From Research to Action: Closing the Leadership Gap

Pinsight's research is clear: enterprise transformation stalls because the leadership layers charged with deploying it lacks the specific behavioral capabilities and change-oriented mindset that transformation demands, and this is structurally predictable from how organizations currently select and develop their leaders.

Closing the leadership transformation gap requires intervention across all three levels of the leadership system simultaneously. Addressing only one level produces partial results with limited durability. Organizations that address senior leadership gaps without tackling mid-level execution will generate vision documents that never reach operational reality. Those that invest in frontline manager capability without closing the mid-level translation bottleneck will see pockets of strong local adoption that never achieve enterprise scale.



© 2026 Pinsight®. All rights reserved.

The Three-Level Transformation Roadmap

The roadmap below identifies the primary mandate, the most acute skill bottleneck, and the recommended actions for each leadership level. It is the operational starting point for any organization serious about converting transformation investment into enterprise impact.

Priority Actions By Leadership Level - Transformation Roadmap

Level	Primary Mandate	Priority Skill Gaps to Close	Recommended Actions
Executive VP+	Move beyond strategy to transformation culture	Continuous learning · Eliminating barriers to change	Model curiosity publicly · Restructure governance to enable transformation speed · Reward experimentation as a leadership behavior
Mid-Level Director	Become the transformation implementation engine	Implement Strategy · Create Buy-In	Close the 39% strategy operationalization gap · Build cross-functional influence · Develop change leadership skills
Frontline Manager	Build analytical literacy and team trust	Sell the Vision · Analyze Information	Strengthen synthesis and analytical skills · Align the team with the corporate vision · Build team confidence in new ways of working

Closing Gaps Through Selection and Development

The three-level roadmap defines what needs to change. The challenge for HR and talent leaders is how to close those gaps systematically across the full leadership pipeline. Pinsight's approach operates on two interconnected tracks that must work in parallel: structured selection to place the right leaders into the right roles, and aligned development and succession systems that continuously build transformation-ready capability over time. Neither track alone is sufficient. Selection without sustained development and succession planning creates a ceiling on the organization's internal supply of transformation-ready talent. Development without better selection means organizations continue investing heavily in leaders who do not possess the natural adaptability and curiosity the future requires - effectively capping the return on development investment before it begins.

Critically, selection cannot occur only at the point of external hiring or leadership promotion. It must be embedded throughout the entire leadership pipeline: from the earliest identification of leadership potential, to promotion into frontline leadership, advancement into mid-level management, and ultimately succession into executive roles. Every transition point in the pipeline either strengthens or compounds the organization's future transformation capacity. Organizations that integrate selection, development, and succession into a single transformation-readiness system will build deeper internal leadership supply over time. Those that treat them as disconnected activities will continue to reproduce the same bottlenecks at every layer of the organization.

© 2026 Pinsight®. All rights reserved.

SELECTION

Identify Top Talent

Replace the coin flip with validated simulation-based evidence for leadership decisions.

DEVELOPMENT

Grow Leaders

Accelerate targeted development using diagnostic data on specific transformation-readiness domain gaps.

SUCCESSION

Ready Future Executives

Build succession plans grounded in transformation-readiness, not reputation and visibility alone.

HR Operationalization: Four Priority Action Areas

Closing the Compounding Adaptation Gap is not a single program. It is a set of coordinated changes to how organizations make leadership decisions at every stage of the talent lifecycle. The following four areas translate the three-level transformation roadmap into practical action, each directly tied to the bottlenecks Pinsight's research has identified.

Hiring

Every leadership hire is both a $660K–$1.6M decision and an opportunity to change the composition of the pipeline. Use it deliberately.

- Update success profiles to include intellectual curiosity and openness to change as well as the identified skill gaps at each leadership layer
- Re-evaluate current assessment process and consider adding a simulation-based behavioral assessment at the finalist stage
- Screen explicitly for curiosity and transformation orientation alongside execution capability for every new leadership hire
- For mid-level roles, prioritize candidates who demonstrate strength in strategy implementation and stakeholder buy-in — the two most acute gaps in Pinsight's data
- Insist on evaluating internal candidates as rigorously as external ones - on the same objective criteria, not just their visibility and past performance

Promotion & Succession

Succession slates built on performance history alone will perpetuate the gap. Rebuild them around evidence for transformation readiness.

- Rebuild succession slates using objective diagnostic data alongside performance history — visibility, tenure, and manager endorsement alone are not reliable predictors of transformation capability
- Identify “hidden gem” leaders who demonstrate high curiosity but lack traditional organizational visibility
- Audit the bench and flag succession candidates for transformation-critical roles with low curiosity and gaps in change leadership— these are future bottlenecks if left unaddressed
- Build targeted development plans for high-potential successors with specific gaps in strategy execution or change leadership before promoting them into roles that demand it
- Accelerate transformation-ready leaders into broader roles now — do not wait for tenure to catch up with capability

© 2026 Pinsight®. All rights reserved.



Development

Development investment concentrated at the mid-level produces the highest transformation ROI — this is where the 39% gap lives and where the tailwind dies.

- Prioritize strategy operationalization and change leadership development for mid-level leaders — the most consequential and most underdeveloped transformation capability in the pipeline
- Invest in vision communication and analytical synthesis for frontline managers — the skills most directly linked to team-level transformation adoption
- Design development around simulation and realistic scenario practice, not classroom instruction — behavioral change requires real-world practice, not lectures
- Measure progress through reassessment, not self-reported completion — what gets measured gets developed
- Build cohort programs that explicitly develop transformation leadership behaviors alongside functional skills



High-Potential Identification: Start Earlier

The most consequential change is not at the mid or executive level. It is in how the pipeline is built from the first manager promotion onward.

- Add structured curiosity and learning agility evaluation to first-level manager promotion decisions — this is where the Compounding Adaptation Gap begins to form
- Identify high-potential leaders early using Growth Indicators: leaders who score high on adaptability at the frontline are 5× more likely to experience rapid career growth[5]
- Build a high-potential cohort that is explicitly tracked for transformation leadership behaviors — from early career forward
- Create deliberate development experiences that expose high-potential mid-level leaders to transformation conditions before they are expected to navigate them in senior roles
- Review your high-potential criteria annually against the transformation demands your organization actually faces — what qualified someone five years ago may not qualify the leaders you need today

The Strategic Conclusion

Organizations that embed transformation readiness into every stage of the leadership pipeline — from early leadership identification and promotion decisions to succession, hiring, and development — will be best positioned to convert transformation investment into enterprise impact. The organizations that outperform will not be those with the most ambitious strategies or the most advanced technology, but those that systematically identify, select, and develop leaders capable of translating continuous change into operational reality.

© 2026 Pinsight®. All rights reserved.

What HR Leaders Should Do in the Next 90 Days

1 Commission a Transformation Readiness Audit

Understand where your mid and executive populations currently stand on strategy execution, change leadership, and learning — the three most acute bottlenecks in Pinsight's research. You cannot prioritize intervention without diagnostic visibility.

2 Review Your Promotion Criteria at Every Level

Review whether your current promotion decisions — from first-level manager through VP+ — explicitly evaluate curiosity and change leadership alongside performance. If they do not, you are systematically building the Compounding Adaptation Gap into your next generation of leaders, one promotion at a time.

3 Rebuild Your Succession Slates Around Transformation Readiness

Identify which current successors are genuinely transformation-ready versus performance-optimized for a prior context. Every succession slot anchored to the wrong profile is a future transformation bottleneck waiting to materialize.

4 Replace Legacy Assessments with Modern Simulations

Most traditional executive assessments were built for stable environments, not to measure how leaders respond to uncertainty, ambiguity, and continuous transformation. As a result, organizations risk making high-stakes leadership decisions with limited objective evidence of transformation readiness.

5 Add Transformation Behavior Metrics to Your Performance Framework

Transformation-ready behaviors will not develop at an organizational level until they are systematically tracked and rewarded. Begin with mid and executive populations and extend downward as the system matures.



© 2026 Pinsight®. All rights reserved.

The Transformation Bottleneck in Manufacturing & Financial Services

The Transformation Bottleneck operates across every industry Pinsight has assessed. But its specific expression — the leadership levels where gaps are most acute, the skills most severely underdeveloped, and the transformation risk most concentrated — differs meaningfully by sector. Pinsight's data on two key industries tells a more precise story about where action is most urgent.

Industry - Specific Leadership Gaps - By Level and Key Skill

Industry	Leadership Level	Key Skill Gap	% of Leaders	What This Signals
Manufacturing	Executive VP+	Eliminate Barriers to Change	**28%**	Legacy processes, governance friction, and operational constraints are not being cleared fast enough for transformation to move
	Mid-Level Director	Implement Strategy	**42%**	Among the highest industry callouts — a critical risk in translating strategy into consistent operating routines at the plant and process level
Financial Services & Insurance	Executive VP+	Eliminate Barriers to Change	**25%**	Leaders may govern transformation carefully, but struggle to clear organizational friction fast enough to stay competitive
	Mid-Level Director	Implement Strategy	**38%**	The strategy-execution gap remains the central scaling bottleneck — consistent with the cross-industry pattern but compounded by regulatory complexity
	Frontline Manager	Analyze Information	**44%**	The highest frontline gap across all industries — creating risk in well- informed, sound decision-making

Source: Pinsight Leadership Intelligence Dataset, 2020–2026 (N=14,396). Percentages reflect leaders assessed as “Emerging” on the cited skill.

© 2026 Pinsight®. All rights reserved.

Industry Insight

Manufacturing: An Execution System Risk

Manufacturing does not primarily have an enthusiasm problem with transformation. It has a **scale-through-operations problem**. Senior leaders are committed to change, but 28% cannot clear the organizational barriers that allow it to move. Mid-level leaders receive the strategy, but 42% cannot translate it into consistent operating routines at the plant and process level.

The **handoff from transformation vision to plant adoption** is the defining challenge. Senior and mid-level gaps cluster tightly around the exact skills (barrier removal and strategy implementation) that govern whether transformation reaches the floor. Without leaders who can make that handoff reliably, technology investment stalls at the boundary between executive intent and operational reality.

Industry Insight

Financial Services & Insurance: A Decision and Trust Risk

FSI shows the same senior and mid-level execution challenges as Manufacturing, but with a **distinctive frontline risk tied to decision-making under complexity**. FSI frontline managers show the strongest gaps in analyzing and synthesizing information across all industries Pinsight assessed. In an industry shaped by regulatory pressure, evolving customer expectations, operational complexity, and continuous transformation, this represents a systemic vulnerability.

When frontline leaders struggle to synthesize information from multiple sources and translate it into sound judgment, three consequences follow: decisions become inconsistent, change adoption slows, and customer and employee trust begins to erode. For FSI organizations, transformation readiness requires not only closing the mid-level execution gap, but also building stronger frontline information synthesis capabilities as strategic priority.

Shared Implication

Both industries share the same foundational conclusion: transformation readiness must be embedded into selection, succession, and development long before leaders are placed into critical roles. Curiosity is a relatively stable personality tendency that cannot simply be trained and therefore needs to be identified early. At the same time, transformation leadership capabilities — such as strategy execution, barrier removal, and analysis under uncertainty — require deliberate development under realistic pressure, not classroom instruction alone. Organizations that fail to combine both rigorous selection and experiential development will continue to reproduce the same execution bottlenecks throughout the leadership pipeline.

© 2026 Pinsight®. All rights reserved.

Three Actions for HR Leaders in These Sectors

1 Assess Leaders Against Transformation Behaviors Before Pivotal Placement Decisions

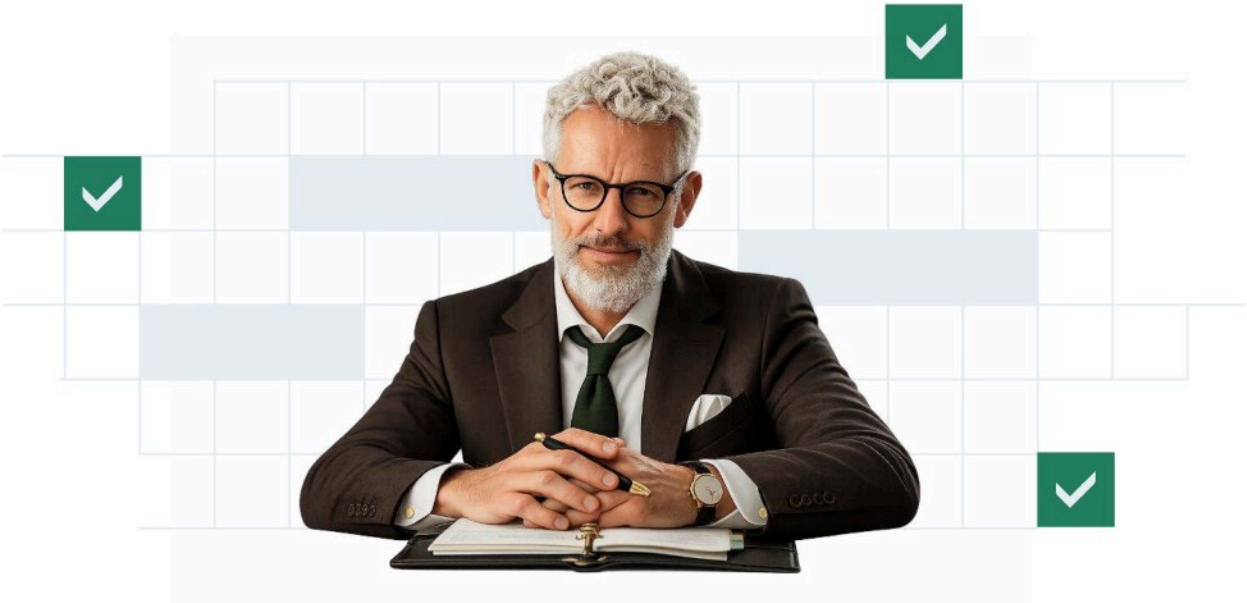
For Manufacturing: validate barrier-removal and strategy implementation capability in senior and mid-level leaders before placing them in roles that govern plant-level adoption. For FSI: also add information synthesis and data- informed judgment to the assessment criteria for all frontline management roles.

2 Prioritize Gaps by Leadership Layer — They Are Not Equally Distributed

Manufacturing should concentrate senior and mid-level development on change barrier removal and implementation discipline first. FSI should address the same mid-level execution gap, and add a deliberate frontline focus on data analysis and synthesis.

3 Rebalance Build, Buy, and Accelerate Decisions Using Diagnostic Data

In both sectors, the gap between what transformation demands and what the current pipeline can deliver is significant enough that internal development alone is not sufficient. Use diagnostic data to decide specifically where to accelerate existing successors, where to develop high-potential leaders for future roles, and where to hire externally for transformation capabilities that are genuinely absent in the current pipelines.



© 2026 Pinsight®. All rights reserved.

The Pinsight Approach: Intelligence That Changes the Odds

For 17 years, Pinsight has operated on a conviction that the ability to identify great leaders should not depend on intuition, reputation, or how convincingly someone presents in an interview. It should depend on objective, validated behavioral evidence gathered under conditions that replicate the actual demands of the role.

This conviction is operationalized through Pinsight's virtual leadership simulation — an assessment environment that places leaders inside realistic, high-fidelity scenarios and measures how they actually behave, not how they say they would behave. The simulation is not gameable by coaching. It is not biased by articulate self-presentation. And it cannot be inflated by track record from a prior context that may no longer be relevant.

Inside a Modern Executive Simulation

It is not a test. It is not a questionnaire. It is a three-hours-in-the-life simulation of a real executive role, powered by live human interaction and proprietary technology, designed to reveal how a leader actually behaves under novel and uncertain conditions.

How The Pinsight Simulations Work 1/2

Simulation Element	What Happens	What It Reveals
Virtual Executive Environment	Participants log into Pinsight's secure platform and step into a simulated executive office, complete with inbox, calendar, and live stakeholder interactions	How leaders prioritize, respond under time pressure, and manage a complex operating environment simultaneously
Live Webcam Meetings	Trained role-players — professional assessors portraying colleagues, direct reports, or stakeholders — conduct real-time video conversations	Coaching capability, stakeholder influence, conflict resolution, change communication — under actual relational pressure, not recounted narrative

© 2026 Pinsight®. All rights reserved.

How The Pinsight Simulations Work 2/2

Simulation Element	What Happens	What It Reveals
Strategic Planning Exercises	Participants craft and present a strategic plan for a division, evaluate risky business ventures with incomplete data, and respond to competing organizational demands	Strategic thinking quality, decision-making under ambiguity, analytical synthesis, and organizational judgment
Behavioral Capture	Every move is captured and independently evaluated: webcam recordings, email drafts, presentations, strategy documents — assessed by multiple expert observers	Direct behavioral evidence, not self-reported or manager-rated capability — the gold standard in assessment science
Psychometric Integration	Behavioral simulation data is integrated with personality and learning agility measures completed prior to the simulation	A complete leadership profile: current skill levels, adaptive potential, derailer risk, and transformation readiness

An Experience Leaders Actually Value

Unlike traditional assessments, often experienced as sterile, opaque, or impersonal, Pinsight's simulation delivers an experience that participants consistently describe as authentic, challenging, and fair. In post-assessment surveys, 95% of participants report satisfaction with the experience, 90% view it as fair and objective, and 95% say they would accept a job offer following the process.

> **"I am 64, have been working for 42 years, held many executive positions, been recruited through the likes of Korn Ferry, Heidrick & Struggles, and Egon Zehnder — and never have I been through something so intense as that simulation. I felt actual work-related stress, time compression, deadlines, and changing priorities — so realistic.**
>
> **Senior Participant - Pinsight Post-assessment Survey**

© 2026 Pinsight®. All rights reserved.

Why Traditional Assessment Models Don't Work for the Transformation-Era

The fundamental problem with how most organizations assess executive candidates is not that the tools are poorly designed. It is that they are designed to answer the wrong question.

Self-report personality tests, 360-degree feedback, and interviews (consultant led or in-house) - the most common components of senior leader assessment - were built to document how a leader has behaved in the past, under the conditions they have already experienced. They generate a **record of historical performance**. What they do not generate is behavioral evidence of how a leader will perform in conditions that are genuinely novel: the ambiguity, organizational resistance, and strategic redefinition that transformation demands.

That distinction matters because transformation changes the question. Organizations are no longer trying to predict who can operate efficiently inside an established system. They are trying to identify which leaders can navigate uncertainty, challenge entrenched ways of working, and translate change into operational reality. Traditional tools provide limited evidence of those capabilities. A personality inventory cannot reveal whether a leader actually behaves adaptively under organizational pressure. A structured interview cannot verify whether a compelling narrative about past change leadership reflects genuine behavioral capability or a well-prepared answer. What these approaches share is that they look backward — at what a leader has done — rather than forward at what a leader can do in conditions that do not yet exist.

The limitation is systemic as well as predictive. Traditional assessment remains highly individualized and consultant-dependent, generating fragmented reports that may support decisions about individuals but provide little enterprise-wide visibility into readiness of the entire leadership system or capability patterns across the pipeline.[17] Leadership intelligence collected through simulation assessments changes that equation, generating standardized behavioral evidence under realistic conditions, scalable across the enterprise, and directly relevant to the transformation demands the role actually requires.

> “
>
> The most common executive assessment tools tell you who someone has been. The most important question in the transformation-era is who they can become — and that requires evidence no self-report or interview can provide.
>
> **Pinsight Research Analysis, 2026**

© 2026 Pinsight®. All rights reserved.

Quantifying the Return: A Small Investment That Protects Millions

The financial case for modern leadership intelligence is straightforward, and the numbers are striking. On one side of the ledger: the cost of misplaced leadership at the mid and executive level, which Pinsight estimates at $26 to $43 million annually for a typical enterprise of 50,000 to 70,000 employees. On the other side: the cost of the integrated assessment system that can materially change those odds.

For a typical enterprise assessing approximately 210 candidates per year across 70 leadership transitions for hiring, promotion, succession, and development, Pinsight's simulation-based platform represents an annual investment in the low to mid hundreds of thousands. Against the risk it is protecting, that investment is potentially one of the highest-ROI talent decisions an organization can make.

The Investment Case - What a Leadership Intelligence System actually Costs vs Protects

Factor	Without Pinsight	With Pinsight	Annual Impact
Per-candidate assessment cost	$10,000–$20,000 (traditional consulting)[15]	**$2,000–$4,000**	Up to $3.4M in assessment cost savings alone
Time-to-insight	4–6 weeks	**72 hours**	Faster placement; reduced vacancy cost
Leadership underperformance rate	~50% within 18 months[14,16]	**~30%**	14 fewer misplacements per year
Annual misplacement cost	$26M–$43M4	**$15.7M–$26.1M**	-
Total Annual Risk Avoided			**$10.4M–$17.4M protected**

Sources: Pinsight risk reduction model and validated assessment efficacy data, 2026.[5] SHRM bad-hire cost research, 2017.[4] HBR executive-transition research.[14] Gartner assessment benchmark research, 2024.[15] Forbes/CEB executive-failure commentary.[16]

The Key Takeaway

A modern leadership intelligence system is a relatively small investment that helps protect the far larger investments organizations are already making in transformation. With the cost of a single misplaced leader estimated at $660K–$1.6M, even one better leadership decision can offset the cost of a full year of assessment capability. The larger strategic value comes from reducing systemic execution risk across the pipeline — strengthening succession visibility, improving transformation readiness, and protecting organizational momentum before leadership gaps begin to compound.

© 2026 Pinsight®. All rights reserved.

References

1. McKinsey & Company. (2025). The state of AI in 2025: Agents, innovation, and transformation. McKinsey & Company. https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai
2. MIT NANDA Initiative. (2025). The GenAI divide: State of AI in business 2025. MIT Media Lab. https://nanda.media.mit.edu
3. McKinsey & Company. (2023). The state of organizations 2023: Ten shifts transforming organizations. McKinsey & Company. https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-state-of-organizations-2023
4. Society for Human Resource Management - SHRM. (2017). The cost of a bad hire can be astronomical. SHRM. https://www.shrm.org/topics-tools/news/employee-relations/cost-bad-hire-can-astronomical
5. Pinsight. (2020–2026). Leadership intelligence database [Proprietary simulation-based assessment data; N = 14,396 leaders]. Pinsight. For methodology inquiries, contact info@pinsight.com.
6. Watkins, M. D. (2013). The first 90 days: Proven strategies for getting up to speed faster and smarter (Updated and expanded ed.). Harvard Business Review Press. https://store.hbr.org/product/the-first-90-days-updated-and-expanded-proven-strategies-for-getting-up-to-speed-faster-and-smarter/11323
7. Gartner, Inc. (2024). Gartner AI maturity model. (Document No. 5937907). Gartner Research. https://www.gartner.com/en/documents/5937907
8. Frangos, P. (2022). An integrative literature review on leadership and organizational readiness for AI. In Proceedings of the 4th European Conference on the Impact of Artificial Intelligence and Robotics (ECIAIR 2022) (pp. 145–152). Academic Conferences International. https://doi.org/10.34190/icair.4.1.834
9. Development Dimensions International - DDI. (2023). Global leadership forecast 2023. DDI. https://www.ddi.com/global-leadership-forecast-2023
10. Boston Consulting Group. (n.d.). The leader's guide to transforming with AI. BCG. https://www.bcg.com/featured-insights/the-leaders-guide-to-transforming-with-ai
11. Deloitte. (n.d.). Deloitte's AI & Insights services: Scale AI solutions across the enterprise. Deloitte. https://www.deloitte.com/us/en/services/consulting/services/ready-scale-ai-across-your-organization.html
12. Raisch, S., & Krakowski, S. (2021). Artificial intelligence and management: The automation–augmentation paradox. Academy of Management Review, 46(1), 192–210. https://doi.org/10.5465/amr.2018.0072
13. Jarrahi, M. H. (2018). Artificial intelligence and the future of work: Human-AI symbiosis in organizational decision making. Business Horizons, 61(4), 577–586. https://doi.org/10.1016/j.bushor.2018.03.007
14. Nawaz, S. (2017, May 15). The biggest mistakes new executives make. Harvard Business Review. https://hbr.org/2017/05/the-biggest-mistakes-new-executives-make
15. Gartner, Inc. (2024). Executive assessment market benchmark report. Gartner Research. https://www.gartner.com/en/insights/benchmarking
16. Ettore, M. (2020). Why most new executives fail—and four things companies can do about it. Forbes. https://www.forbes.com/councils/forbescoachescouncil/2020/03/13/why-most-new-executives-fail-and-four-things-companies-can-do-about-it/
17. Morris, S. B., Daisley, R. L., Wheeler, M., & Boyer, P. (2015). A meta-analysis of the relationship between individual assessments and job performance. Journal of Applied Psychology, 100(1), 5–20. https://doi.org/10.1037/a0036938

This publication represents original research and proprietary intellectual property of Pinsight®. The Compounding Adaptation Gap and all associated proprietary methodologies are the intellectual property of Pinsight. Reproduction or adaptation of these frameworks requires written authorization from Pinsight. External research is cited for context and does not constitute endorsement by the respective organizations.

© 2026 Pinsight®. All rights reserved.

TAKE THE NEXT STEP

Transformation Is Accelerating. Are Your Leaders Ready?

Pinsight's leadership intelligence platform helps organizations benchmark, select, develop, and advance transformation-ready leaders at every level. Schedule a diagnostic conversation to understand where your leadership population stands, and build the roadmap to close the gap.

Schedule a Conversation

Learn More

17	4.15M	Global	3
Years of research	Data Points	Industries & Regions	Leadership Levels



Headquarters
Denver, Colorado, USA

+1 800-423-8295

info@pinsight.com
www.pinsight.com

Pinsight

© 2026 Pinsight®. All rights reserved.

This publication represents original research and proprietary intellectual property of Pinsight®.