



2019 HIPO Development Benchmarking Report



Overview

This 2019 HIPO Development Benchmarking Report provides learning and development (L&D) leaders with the latest trends in HIPO identification, budgets and head count, training delivery methods, program structure and program effectiveness. L&D leaders can use this report to compare their HIPO development programs against global averages and make strategic changes to their existing HIPO development programs based on global changes.

Key Findings

- Only half of L&D leaders say they have HIPO development programs at their organizations. Almost one in 10 employees are identified as HIPOs at organizations today — a 4 percentage point increase since 2018.
- The median amount spent by L&D per HIPO increased by 74% since last year, but staff involvement has remained constant at 8% of total L&D staff.
- Rather than having to exhibit HIPO qualities, eligibility for HIPO programs is increasingly based on functions and levels.
- Departing from last year's outlook, classroom-based learning has become the dominant method to develop HIPOs. The effectiveness of HIPO development programs has decreased across every key activity along with a decrease in the effectiveness of all stakeholders at developing HIPOs.

Introduction

In 2018 HIPO development had risen to the third highest priority for L&D, and HIPO eligibility was beginning to not be restricted to employees exhibiting HIPO qualities alone.

For this year's report, we surveyed 51 L&D leaders across the globe on their HIPO development objectives, programs and effectiveness at execution. Our analysis shows organizations are focusing even less on specific HIPO qualities as an imperative to identifying HIPOs, resulting in twice as many employees being identified as HIPOs than before. Moreover, organizations are significantly increasing their development expenditure for HIPOs with a key focus on keeping them engaged.

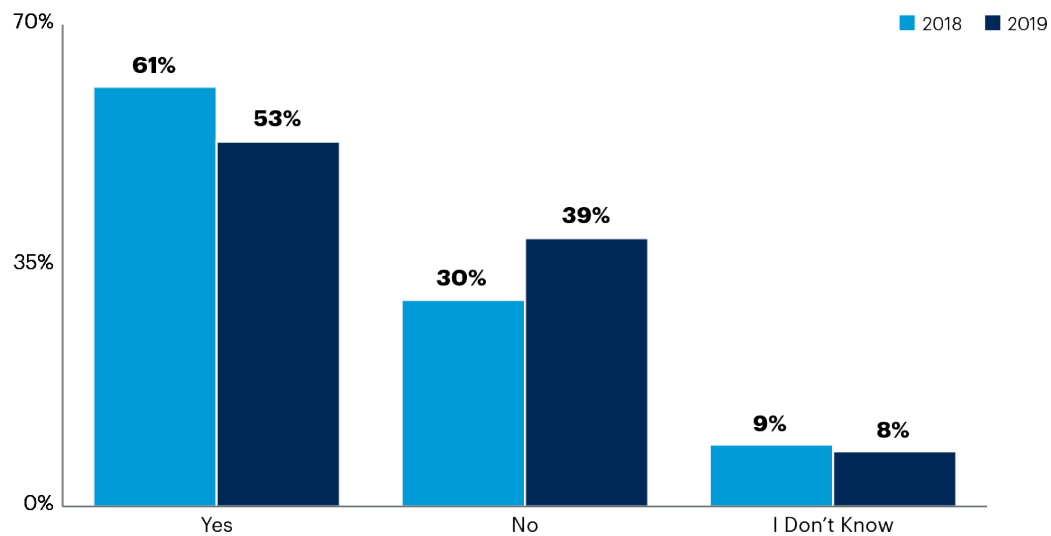
Presence of HIPO Development Programs

Fewer organizations reported having HIPO development programs in 2019 than in 2018. Just over one in two L&D leaders reported having a HIPO development program at their organizations, an 8 percentage point drop since last year (see Figure 1).

Figure 1: HIPO Development Program Presence

HIPO Development Program Presence

Percentage of L&D Executives Reporting Having HIPO Programs



n = 57 (2018); 51 (2019) L&D executives
Source: 2018 and 2019 Gartner HIPO Development Surveys

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HIPO Development Objectives

For organizations having HIPO development programs, using HIPOs to build a succession pipeline remains the most important objective, while engagement as an objective is on the rise. Sixty-nine percent of L&D leaders cited building a pipeline for succession as their top objective for a HIPO program. Compared to last year,

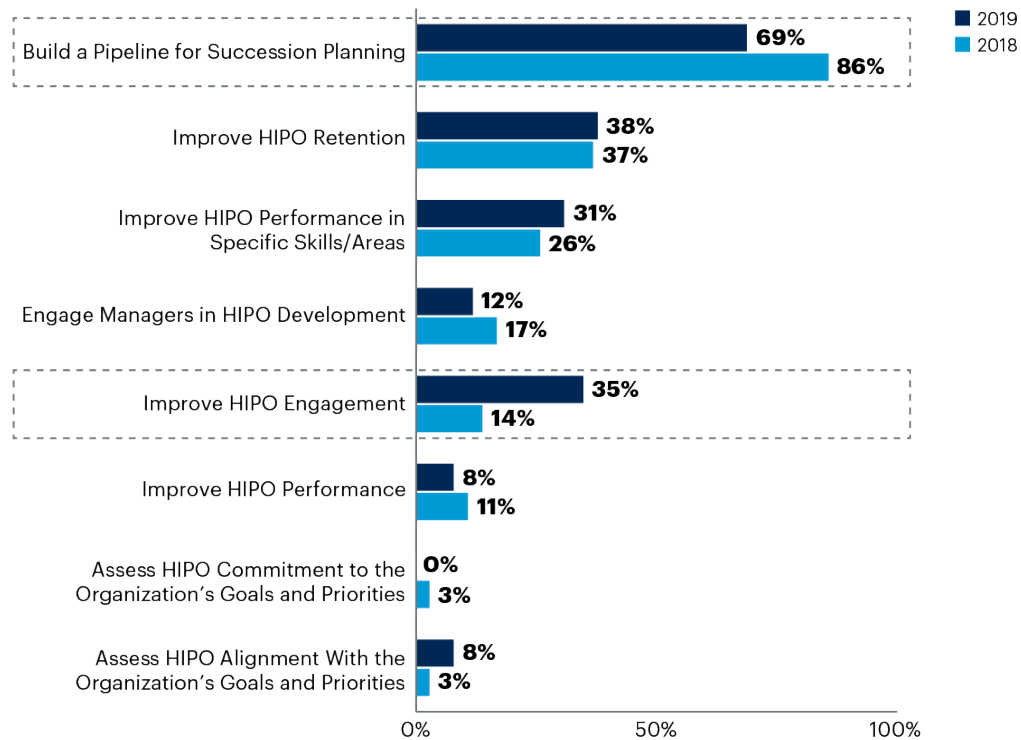
however, its importance has declined, as the percentage of L&D leaders citing building a succession pipeline as a top objective decreased by 17 percentage points.

On the other hand, organizations want their HIPO development programs to be aimed at improving HIPO engagement. The percentage of L&D leaders using HIPO development programs to improve HIPO engagement increased by 21 percentage points since 2018 (see Figure 2).

Figure 2: HIPO Development Objectives

HIPO Development Objectives

Percentage of L&D Executives Citing the Following as One of Their Top Two HIPO Development Program Objectives



n = 51 (2019); 57 (2018) L&D executives
Source: 2018 and 2019 Gartner HIPO Development Surveys

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The question was asked to only those respondents who reported having a HIPO development program at their organizations.

HIPO Identification

HIPO engagement is an increased priority for organizations as our research shows 55% of HIPOs leave the organization in a five-year period.[1] Due to this, organizations

are hedging against their volatile HIPO talent by broadening the eligibility criteria and identifying more HIPOs.

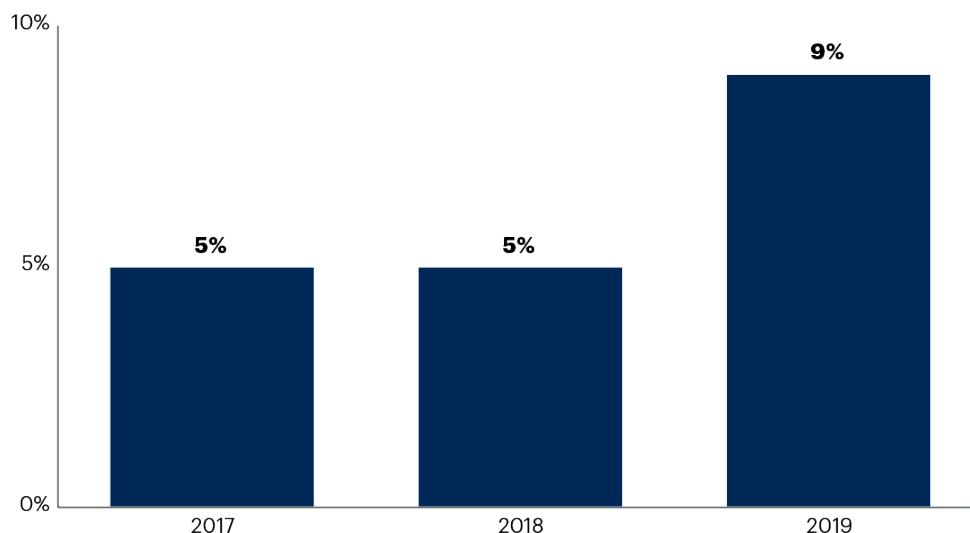
More Employees Identified as HIPOs in 2019

Contrary to the last two years, the percentage of employees identified as HIPOs in 2019 has nearly doubled. Nearly one in 10 employees is being identified as a HIPO in organizations today (see Figure 3).

Figure 3: HIPO Identification

HIPO Identification

Median Percentage of Employees Identified as HIPOs



n = 63 (2017); 57 (2018); 51 (2019) L&D executives

Source: 2017 Gartner Learning and Development Agenda Poll; 2018 and 2019 Gartner HIPO Development Surveys

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However, participation of identified HIPOs in HIPO-specific development initiatives has remained similar over the past three years. In 2019, just under a quarter (23%) of formally identified HIPOs will participate in HIPO-specific development activities.

HIPO Eligibility Criteria Continues to Broaden

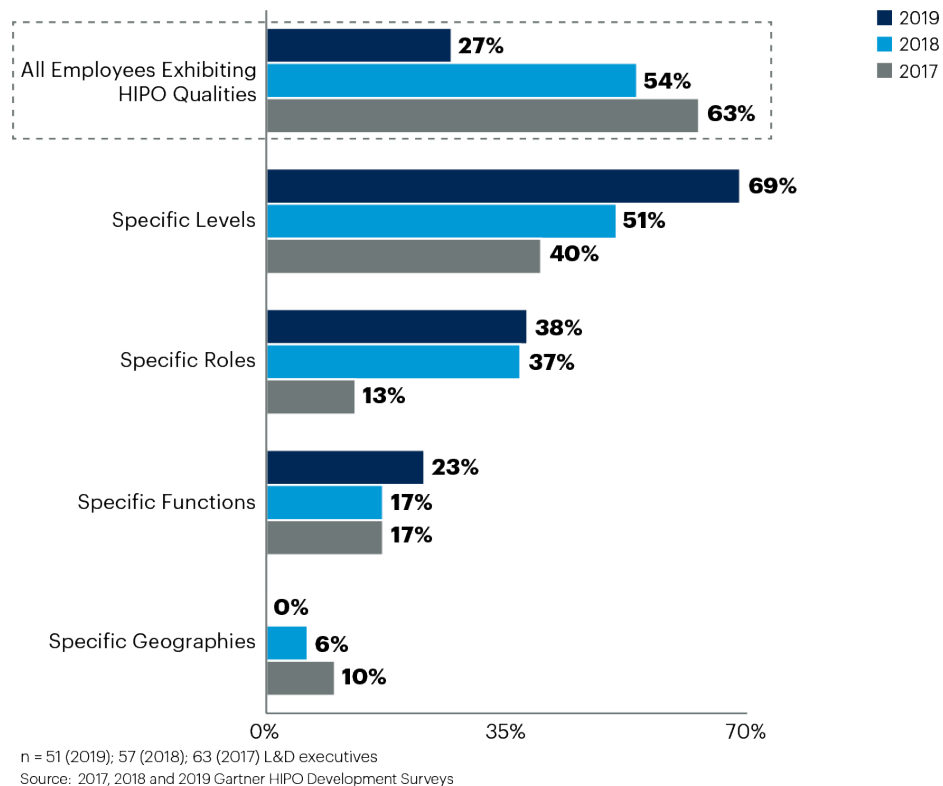
As more employees are being identified as HIPOs, L&D leaders are using other factors such as levels, roles and functions, rather than particular qualities as eligibility criteria alone, to identify HIPOs. The percentage of L&D leaders using employees exhibiting

HIPO qualities as eligibility criteria has decreased by 27 percentage points since 2018 and 36 percentage points since 2017 (see Figure 4). Conversely, L&D leaders are increasingly identifying HIPOs based on their level, making it the dominant method to determine HIPO eligibility in 2019.

Figure 4: HIPO Development Program Eligibility

HIPO Development Program Eligibility

Percentage of L&D Executives Using the Following as Criteria for HIPO Development Program Eligibility



The question was asked to only those respondents who reported having a HIPO development program at their organization.

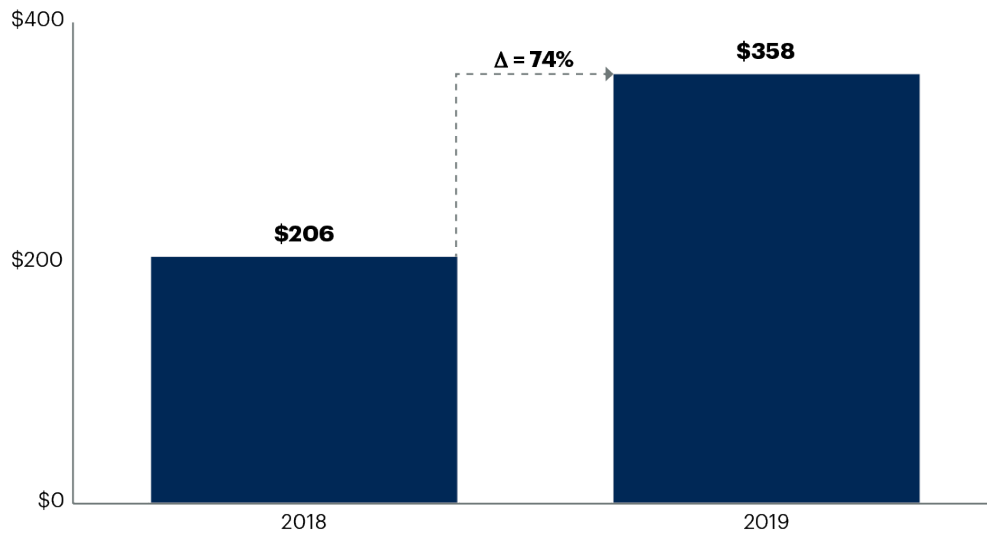
HIPO Development Budget and Head Count

The growing number of HIPOs across organizations does not mean organizations are spending less in terms of development expenditure per HIPO. On the contrary, in 2019 L&D leaders are expecting a 74% increase in median dollar spent per HIPO compared to last year (see Figure 5).

Figure 5: Development Expenditure per HIPO

Development Expenditure per HIPO

Median HIPO Development Spend per Identified HIPO (USD)



n = 57 (2018); 51 (2019) L&D executives
Source: 2018 and 2019 Gartner HIPO Development Surveys

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The question was asked to only those respondents who reported having a HIPO development program at their organizations.

Despite an increase in HIPOs identified and expenditure per identified HIPO, L&D staff involvement in HIPO development has remained stagnant. Similar to last year, the percentage of L&D staff involved in HIPO development programs has remained constant at 8% of overall L&D head count.

HIPO Development Program Structure

To accommodate more HIPOs in existing HIPO development programs, organizations are moving toward shorter program durations and more conventional methods such as classroom trainings.

Shorter Duration of HIPO Development Program

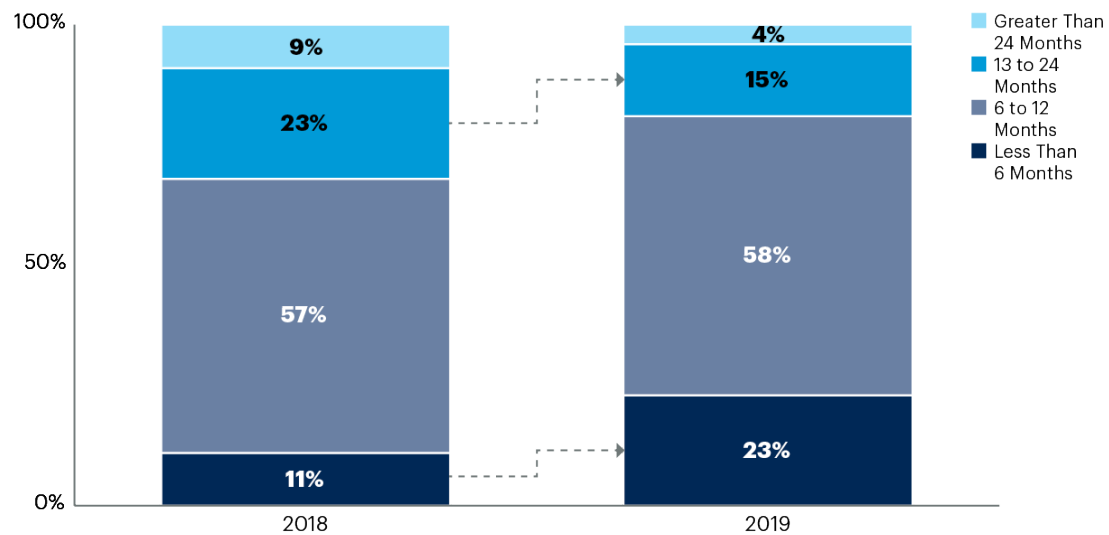
The majority of L&D leaders (58%) still say HIPO development programs at their organizations last between six and 12 months. However, compared to 2018, fewer organizations have programs that last more than 12 months, and more have programs that last less than six months. The percentage of L&D leaders saying their HIPO

development programs last less than six months increased by 12 percentage points since 2018 (see Figure 6).

Figure 6: Typical Length of a HIPO Development Program

Typical Length of a HIPO Development Program

Percentage of L&D Executives Selecting the Following as the Length of Their Average HIPO Development Program



n = 57 (2018); 51 (2019) L&D executives
Source: 2018 and 2019 Gartner HIPO Development Surveys

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The question was asked to only those respondents who reported having a HIPO development program at their organizations.

Conventional Methods to Developing HIPOs on a Rise

There seems to be a move toward more traditional training methods for HIPO development in 2019. Classroom-based learning has gained popularity since 2018 to become the most preferred method for developing HIPOs in 2019. Other development methods gaining popularity are mentoring and rotational assignments.

On the other hand, providing stretch role opportunities, which was the most widely used HIPO development learning method in 2018, dropped five places in popularity since last year (see Figure 7).

Figure 7: HIPO Development Method Popularity Ranking

HIPO Development Method Popularity Ranking

HIPO Development Method	2019 Rank	Change Since 2018
Live/Classroom Learning	1	▲ 2
Mentoring/Sponsorships	1	▲ 3
Experiential Development Through Strategic Projects	3	▼ 2
Rotational Assignments	4	▲ 2
Executive Coaching	5	0
Providing Stretch Roles or Experiences	6	▼ 5
Social Learning	7	▲ 1
Providing Experiences Outside the Organization	8	▼ 1

n = 51 (2019); 57 (2018) L&D executives
Source: 2018 and 2019 Gartner HIPO Development Surveys

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Rank 1 refers to the method used by most L&D leaders for HIPO development programs. The question was asked to only those respondents who reported having a HIPO development program at their organizations.

Effectiveness of HIPO Development Initiatives

Despite the increased focus on and investment in HIPOs, L&D leaders believe the effectiveness of HIPO development programs has decreased overall in delivering against key activities along with ineffective partnerships with key HIPO development stakeholders.

HIPO Development Programs Ineffective at Developing and Managing HIPOs

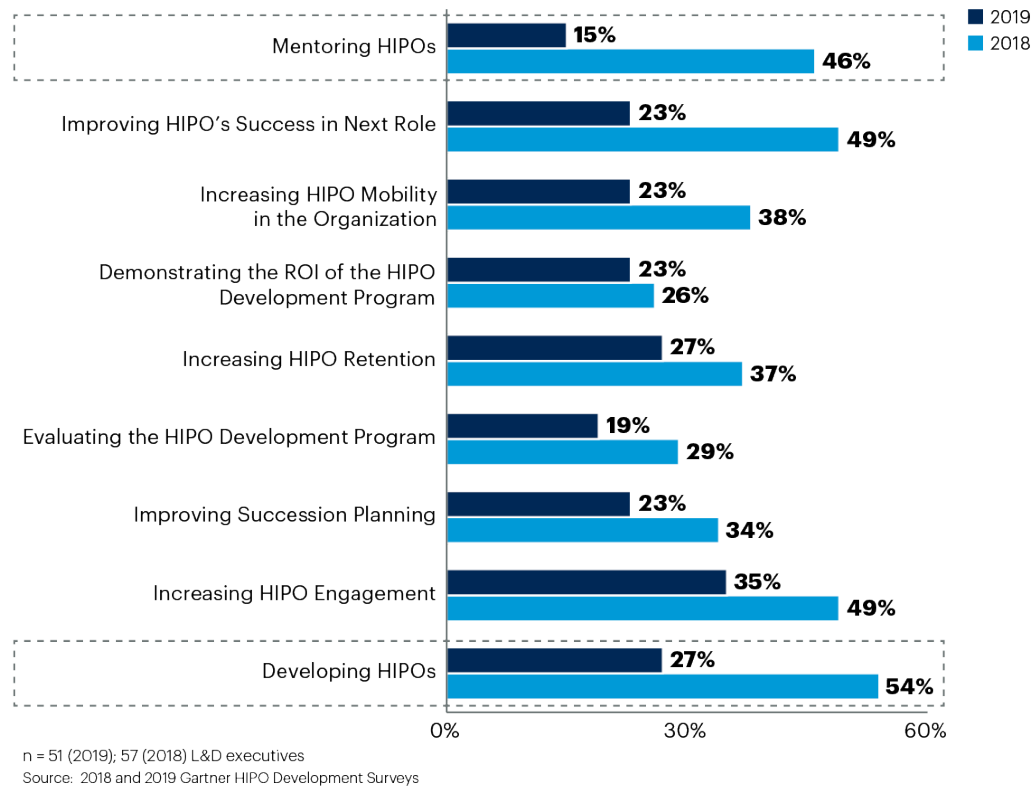
In 2019, L&D leaders reported an overall decrease in the effectiveness of HIPO development programs across all key activities. The largest decline in effectiveness was in developing HIPOs, where only 27% of L&D leaders reported this activity as effective in 2019, whereas 54% reported it as effective in 2018.

The smallest decline in effectiveness has been in demonstrating the ROI of HIPO development programs, where 26% of L&D leaders reported this activity as effective in 2018, whereas slightly less (23%) reported it as effective in 2019 (see Figure 8).

Figure 8: HIPO Program Effectiveness in Key Activities

HIPO Program Effectiveness in Key Activities

Percentage of L&D Executives Saying Their HIPO Development Programs Are Effective at the Following



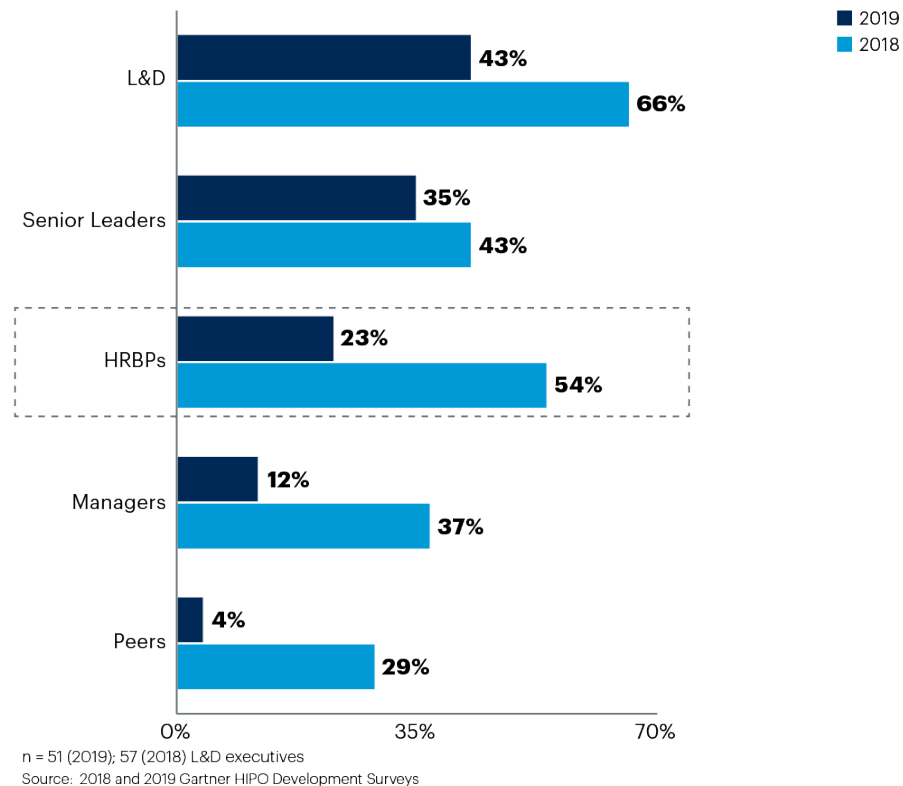
The question was asked to only those respondents who reported having a HIPO development program at their organizations.

Stakeholder Ineffectiveness at Supporting HIPO Development

In addition to declining HIPO development effectiveness, the effectiveness of all key stakeholders at supporting HIPO development has also decreased since 2018. The most significant drop in effectiveness is for HRBPs. Compared to last year, the percentage of L&D leaders who reported HRBPs as effective at supporting HIPO development fell by 31 percentage points. Even L&D, rated as the most effective supporter of HIPO development, is only effective across less than half of the organizations surveyed (see Figure 9).

Figure 9: Stakeholders' Effectiveness at Supporting HIPO Development

Stakeholders' Effectiveness at Supporting HIPO Development
Percentage of L&D Executives Reporting the Following Groups Are Effective at Supporting HIPO Development



The question was asked to only those respondents who reported having a HIPO development program at their organizations.

Conclusion

Organizations are not only identifying more HIPOs but are also planning to significantly increase investment in developing HIPOs. There is a growing trend to make HIPO development programs shorter but more formal and aimed at driving HIPO engagement. This growing focus, however, is not coupled with growing effectiveness in delivering HIPO development programs. L&D is struggling to deliver against key HIPO development outcomes and failing to create effective partnerships between different stakeholder groups vested in HIPO development.

Recommended by the Authors

[“Agile HIPO Development”](#)

During this replay, understand and discuss how L&D can adopt an agile HIPO development strategy to keep up with the speed of change and prepare HIPOs for the future.

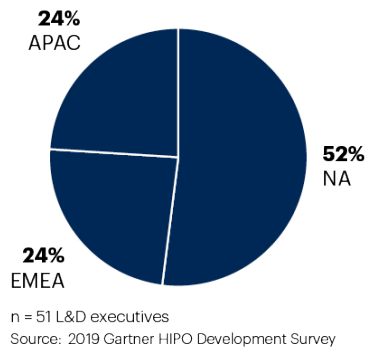
About This Research

Through our 2019 Learning and Development Agenda Poll, we collected data from more than 50 L&D leaders across multiple industries and geographies to understand the state of HIPO development, as well as the budget and effectiveness of HIPO development programs. See the demographics in the figures below.

Figure 10: Respondents by Region

Respondents by Region

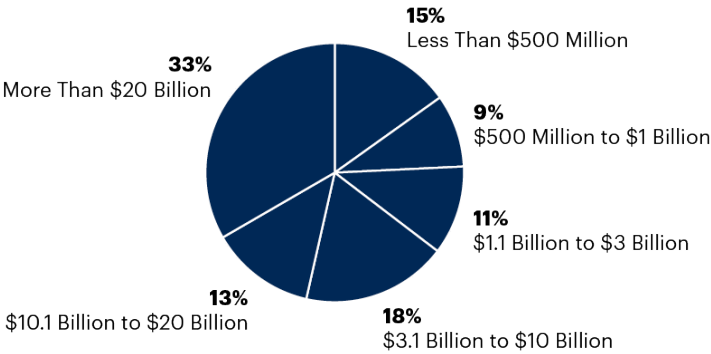
Percentage of Respondents



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Figure 11: Respondents by Total Annual Revenue

Respondents by Total Annual Revenue
US Dollars

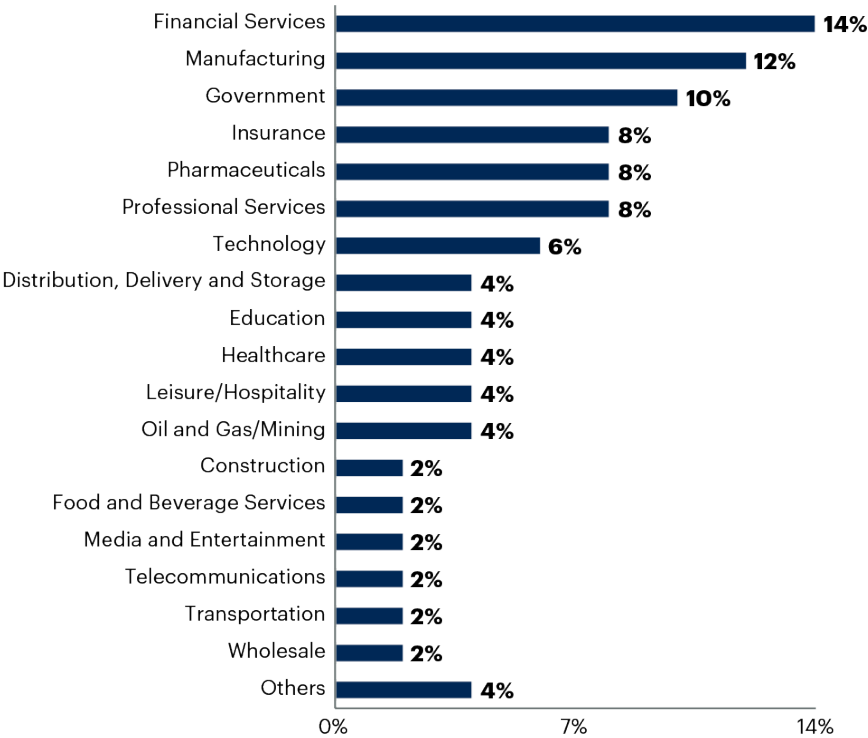


n = 51 L&D executives
Source: 2019 Gartner HIPO Development Survey

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Figure 12: Respondents by Industry

Respondents by Industry
Percentage of Respondents



n = 51 L&D executives
Source: 2019 Gartner HIPO Development Survey

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Endnote

[1] 2013 Gartner Succession Management Survey