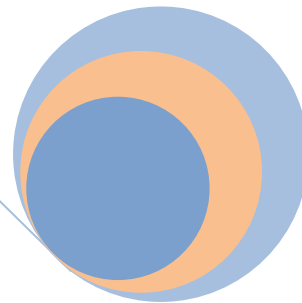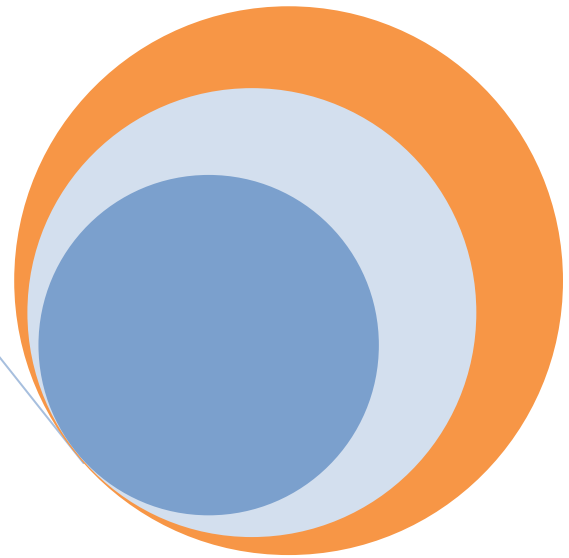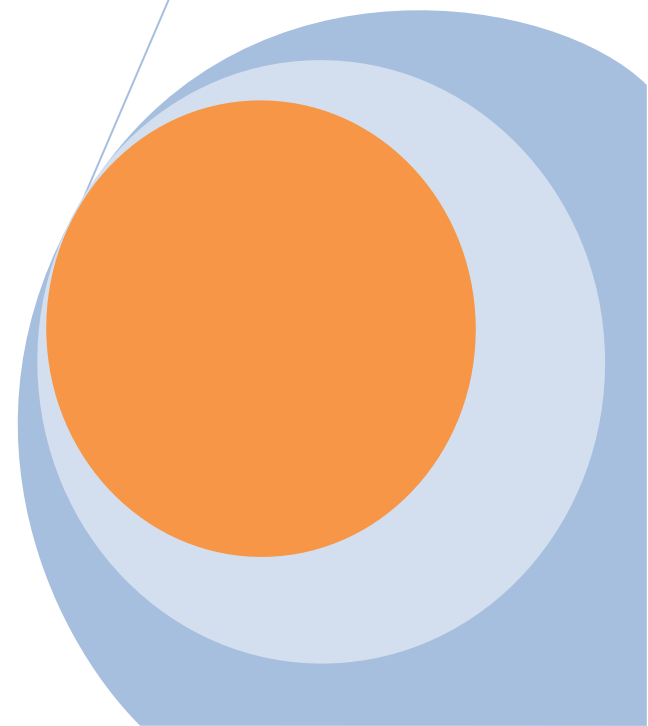# Seven Keys to Choosing the Best Performance Management System

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Seven Keys to Choosing the Best Performance Management System

Performance Management software solutions can provide a variety of important benefits. The right system will help you to manage your performance management process more easily and effectively, while enabling your employees to focus on results and improve their performance. Choosing the right solution for your company may seem like an overwhelming task, however it need not be if you understand the factors that should be considered in your decision making.

When conducting your due diligence, you will need to identify the factors that are critical to your organization from a system functionality perspective. However, keep in mind that this is not **only** a technology decision. It is important not to lose sight of your organization's culture, strategy, and values. You can better ensure line management support and employee buy-in by selecting a performance management solution that is aligned with the unique characteristics of your organization.

When choosing Performance Management software, keep in mind the following factors.

1. Flexibility

Flexibility in a PM software solution goes beyond the ability to add your company logo and colors. Our experience has consistently reinforced that flexibility should be the most important factor to be considered. A flexible solution will allow you to model your organization's desired process, including:

- Goal and development planning templates that support your company's strategic goal setting process,
- Evaluation forms that include your company's competency models and performance criteria,
- Process workflow/s that support your company's specific needs,
- Visibility and access rights,
- Status, results, and aggregate reporting,
- Integration of 360 degree or multi-rater feedback, and
- Organization charts.

Example:
Your company would like to include upward feedback into the performance appraisal process. In the desired process:

- *The direct reports of all managers will be asked to rate and provide comments regarding the performance of their manager.*
- *The feedback that is collected will be aggregated and made visible to the manager's manager to aid them in making their formal appraisal.*
- *The upward feedback would not be made visible to the manager being evaluated.*

The example outlined above is fairly common and straightforward but may not be fully supported by the standard functionality of many performance management solutions. All too often, we hear from organizations that their current process is far from ideal because they have been limited by the capabilities of their software.
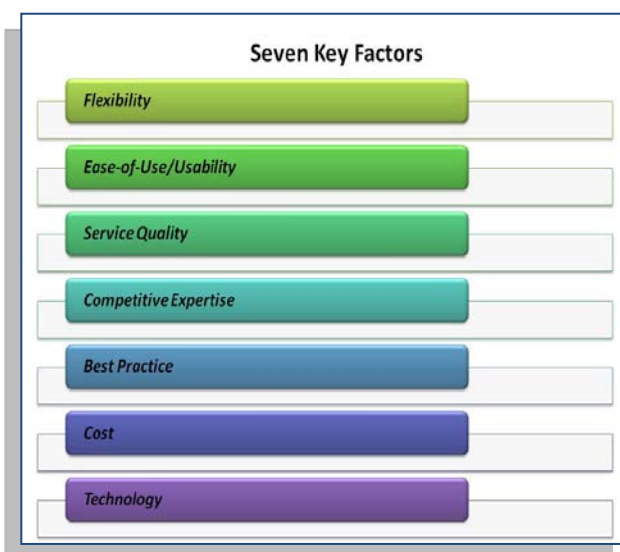
Clearly identify the standard functionality provided by potential vendors and inquire about the ability and cost of configuring the standard solution to meet your specific needs. The technology that is available today **should not** require you to change your desired process to align with the available functionality of the software.

2. Ease-of-Use/Usability

The right software solution will be simple and straight-forward for employees and their managers to use. End-users (employees, managers, and executives) should expect a streamlined and efficient process that allows them to easily complete their tasks. They should be directed to the appropriate activities and offered exactly what they need – **nothing more, nothing less**. The right system will be intuitive enough for participants that it should not require extensive end-user training beyond any core messages you choose to communicate about the process. Ease of use will:

- **increase participation** in the PM process,
- **increase satisfaction** with the service that HR provides, and
- **decrease the amount of time** your team will spend answering questions.

Seven Key Factors

- Flexibility
- Ease-of-Use/Usability
- Service Quality
- Competitive Expertise
- Best Practice
- Cost
- Technology

3. Service Quality

Responsiveness and follow-through on requests are important aspects of service quality. However, what truly distinguishes the level of service provided by a vendor are **the people**. Utilize the due diligence process to become familiar with the specific individuals who will serve as your account managers and support team. Insist on speaking with these individuals, in addition to the sales people and high level executives in the vendor firm. If possible, plan to acquaint yourself with the project management team, service team, as well as any consultants who will offer their expertise throughout the process. Ask yourself whether you are comfortable with the level of service you are receiving **before** you sign on the dotted line.

4. Competitive Expertise

Competitive knowledge is a true differentiator amongst vendors. Not all software vendors provide you with access to and support by experts in performance management, and still fewer include these services as standard. Consider whether your organization can benefit from the best practice information these expert consultants provide. Examine the background and experience of the consulting team that could provide service and support you during implementation. A true competitive expert can advise you on strategy and process, decision making, share his/her knowledge and expertise specific to your industry, and identify cultural elements that can contribute to the success of the process. Use the resources that are available to you and set yourself up for success.

5. Best Practice

Effective performance management is one of the most powerful set of skills that a manager can possess. PM software solutions can provide tools that assist managers in setting goals, providing feedback, and making accurate performance ratings. Be wary of solutions that promise to make the performance management process easier by minimizing manager participation, ownership, and accountability.

Software that provides "canned" or pre-written performance review comments is a legal nightmare and will communicate to employees that performance management is not valued by the organization. As an HR Leader, do you want software to 'write' evaluations for your managers? We would think not. Look for a software solution that enables you to take your ideal process from off-line to online – leveraging technology to help automate appropriate portions of the process such as complex instrument calculations, email reminders to encourage completion, aggregate ratings analysis, etc. Automating the right things will free up time for managers to coach and develop their teams.

6. Cost

Cost is a tricky issue as you cannot always compare apples to apples when looking at various software solutions. This is due to the fact that many vendors do not offer the same functionality, flexibility, or standard inclusions as one another. Your best bet is to select your top two choices based on everything **except** pricing. Once you have your choices narrowed down, compare the pricing of the remaining two vendors. If you are leaning towards one or the other but prefer the higher cost solution, consider asking the vendor if they are open to negotiating a deal. You may be surprised at what various firms will do for an opportunity to work with you.

7. Technology

Plan to involve your IT group from the outset to help you evaluate this critical component of vendor selection. It is important to include your technology team in the earliest stages of launching a vendor search. They are the experts and know the questions that need to be asked related to data security, implementation requirements, integration and compatibility with other related systems.

Suggested Next Steps

Below are the basic steps your organization should consider when making your Performance Management software decision:

1. *Define your objectives.*
   o What are you trying to achieve by implementing performance management software?
   o How does the performance management process support talent strategy?
   o Consider your company's long-term needs – how will your process evolve over time?
2. *Clarify your budget and business case.*
   o Set a realistic budget for your implementation and obtain approval early in the process.

- o Be sure to consider additional consulting services that may be required, including process design, competency modeling, and/or evaluation form design. These services should be including in your year 1 cost estimates.
- o Developing the business case for a PM software solution should include the obvious time savings and reduction of administrative tasks, etc. However, do not forget the value of the new information that will become available through individual and aggregate reporting.
  - ▪ New information will help to focus the costs for other initiatives such as training and development, better selection and improved hiring. It is the availability of new information that will provide value beyond the cost of implementation and maintenance.

3. Obtain input from your customers.

- o Manage the introduction of a new performance management solution the way that you would any change initiative. Take time to solicit input from line managers and employees on their needs and suggestions.

4. Identify your specific needs.

- o Prioritize your requirements. Be sure to distinguish between necessary and "nice to have" functionality/ options.
- o Be careful to not try to rollout too much change at one time. Introduce the new process in its simplest form first then add features and enhancements over time.
- o Consider the following questions:
  - ▪ How would you like technology to transform the current process?
  - ▪ Have you created performance instruments/forms you wish to utilize?

5. Research potential solution providers.

- o Conduct a thorough review of available vendors. Review each vendor's website to ensure they provide the appropriate software solutions.
- o Narrow your list so that you are able to more critically evaluate a short list of vendors. Conduct research online to find reviews of the vendor and review their own website in detail as well as the content they produce (e.g. blogs, twitter, e-guides, white papers, etc.).
- o Schedule a demo with your top vendors so that you can view their products, ask relevant questions, and become familiar with their service providers.
- o Be wary of vendors that do not meet your needs but promise they can customize their standard solution to meet your needs….at an extra cost.
- o Check References. Speak to other HR professionals in your network and ask about their vendor of choice, as well as if they have heard anything about your potential selections.

6. Choose the right solution for you.

- o Using all of the information you have gathered, make the decision that is right for your organization.

o Keep in mind that you may want to inquire about conducting a pilot process to get a feel for the particular software solution and vendor team. If this is successful, you can sign on for a larger implementation with the entire organization.

Bottom Line: Choosing the best performance management solution for your company does not have to be daunting. Understanding your organizations specific needs and considering these important factors in your decision making process will have you on your way to transforming performance management.

About viaPeople, Inc.:

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