



## Selecting Performance Management Software: BUYER'S GUIDE FOR HR PROS

Learn everything you need to know about performance management software before you purchase a solution for your organization.



**By definition, performance management is the process of ensuring that a set of activities effectively and efficiently meet established goals—whether that’s organizational, departmental or employee specific performance. But the processes and tools that organizations leverage to manage this performance end up not actually supporting this definition.**

Most enterprise performance management processes are complex, inflexible and siloed. Disconnected goals are created once a year. Feedback sessions are inconsistent and happen too late to make a difference. Year-end reviews —if used at all—only magnify these problems with out-of-date objectives, anxious employees and overwhelmed managers. Are goals even being met? It’s hard to tell.

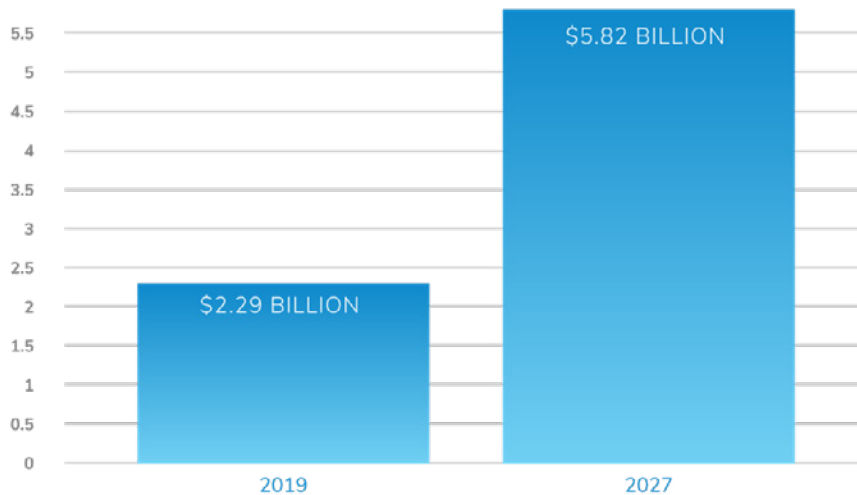
That’s why more and more organizations are looking for performance management software that facilitates more effective goal alignment and execution, drives better feedback conversations and promotes informed and justified reviews. In fact, that’s probably why you’re reading this guide.

Today’s businesses are more agile than ever and require a process that can change as their priorities change. Plus, more employees actually want timely feedback and to understand how their goals align with the rest of the organization. It’s time to ditch old, manual processes for something better. And the answer is (the right) performance management software.



## THE PERFORMANCE MANAGEMENT SOFTWARE MARKET

In 2019, the performance management software market was valued at \$2.29 Billion and is projected to reach \$5.82 Billion by 2027. This growth can be chopped up to innovation in IT and a focus on team-centric management and analytics by organizations.



But not every performance management software is the same. With so many options on the market and more continuing to appear, HR leaders are looking for the right solution. The purpose of this guide is to get you to that answer.

In this buyer's guide, we will cover:

- ✓ Why you need performance management software.
- ✓ Types of software providers in the market.
- ✓ How to make the right decision for your needs.

# Performance Management Software: What It Is & Why You Need It

Performance management software helps managers track employee progress, performance and professional development in the context of organizational goals. This type of solution is designed to facilitate meaningful and continuous discussions between managers, employees and departments throughout the year.

It engages managers, employees and departments. But who actually uses it?

Everyone. Including:



HR PROFESSIONALS



EMPLOYEES



LINE MANAGERS



EXECUTIVES

Performance management software saves time for busy HR pros and gives them the ability to make better, data-driven decisions. It empowers managers to be more effective leaders of people. It helps employees coordinate their efforts with other individual, team and organizational goals. And it gives executives a clear snapshot of organizational success from the bottom up.

## 4 KEY PROBLEMS SOLVED

We talked about the challenges of traditional performance management processes, which has opened the door for the growing performance management software market. But not every solution provides the same thing. You need something that offers, at least, these four tangible benefits:

### 1 EFFICIENCY

Get work done rapidly with simple pre-defined templates.

### 2 CONTINUOUS REVIEW

Quickly check in on goals and keep employees and managers in sync throughout the year.

### 3 COLLABORATION

Make goals public to help employees better coordinate efforts, follow other people's goals and see regular updates.

### 4 PERFORMANCE

Consolidate views of past feedback, so end-of-year reviews are quick and there are no surprises to employees.

## PERFORMANCE MANAGEMENT SOFTWARE: 13 COMMON FEATURES

To achieve the benefits highlighted above, the solution requires the right mix of features and functionality. [According to G2](#), most performance management software includes the following:

1. Career & professional development planning
2. Career succession planning
3. Employee performance tracking
4. Goal management
5. Reviews & feedback
6. Compensation
7. Platform customization
8. API integration
9. Internationalization
10. User, role & access security
11. 1Uptime and reliability
12. Reporting
13. KPI dashboards

But scroll on G2 and other similar websites, and you'll find hundreds of software providers touting the same or related features. In the next section, we'll look at some ways to tell them all apart.

# The Software Marketplace

When you're searching for a performance management software solution, you can generally divide the marketplace up into two buckets:

(1) all-in-one HR software and (2) standalone products.

## 1. ALL-IN-ONE HR SOFTWARE

All-in-one HR software is exactly what it sounds like. It covers all HR functions in addition to performance management, including Payroll, Human Resource Management, Talent Acquisition and more.

Large enterprise organizations likely already have some form of HR software, HRIS/HCM or ERP system to manage human resources. The problem with these solutions is that they don't specialize in performance management—a niche process that requires ultimate configurability for every company... but more on this later.

Examples that you might come across in your search include:

- ✓ Workday HCM
- ✓ Oracle PeopleSoft
- ✓ SAP SuccessFactors
- ✓ BambooHR

## 2. STANDALONE PRODUCTS

Then you have standalone solutions, which are dedicated solely to performance management.

If you have an existing HR software or HRIS/HCM—or nothing at all to manage performance—you're likely looking for a solution in this category. These products can (usually) integrate into your broader HR suite.

Evidently, there are endless products to choose from even when the marketplace options are divided in half. So, we will review next how you can make a meaningful decision for your business.

# Making Your Decision

To find the performance management software that's right for your organization, first take stock of your needs by asking the following questions:



**Do you have existing standalone software that you are unhappy with? What about it don't you like?**



**Do you have an existing HRIS/HCM suite?**



**Are you following a performance management process at all?**

Your answers to these questions will help you approach the decision-making process from the right perspective. With that said, here are the top six decision-making factors to consider as you explore your options.

## TOP 6 DECISION-MAKING FACTORS

Once your requirements are clear, you need a framework for all of your options—more than a feature list. Here are the top six factors for HR pros to weigh when selecting performance management software:

1. Provider experience & expertise
2. Pricing
3. Implementation time
4. Intuitive user experience
5. Configurability & customization
6. Ease of integration

## 1 PROVIDER EXPERIENCE & EXPERTISE

When you need to revamp your performance management process, you need something that's dedicated to performance. Performance management is a niche HR function that requires specific features and workflows. So, look for standalone performance management software (instead of just all-in-one HR software).

You want to go with a provider who understands the HR business and knows the pains of performance management—because they've lived them, too.

Evaluate the provider and their experience, reputation and expertise in closely linked areas (like compensation and rewards). Technology that comes from deep domain experience and expertise will likely work better for your needs and provide the support you need should you have any questions. (As opposed to start-up technology.)

## 2 PRICING

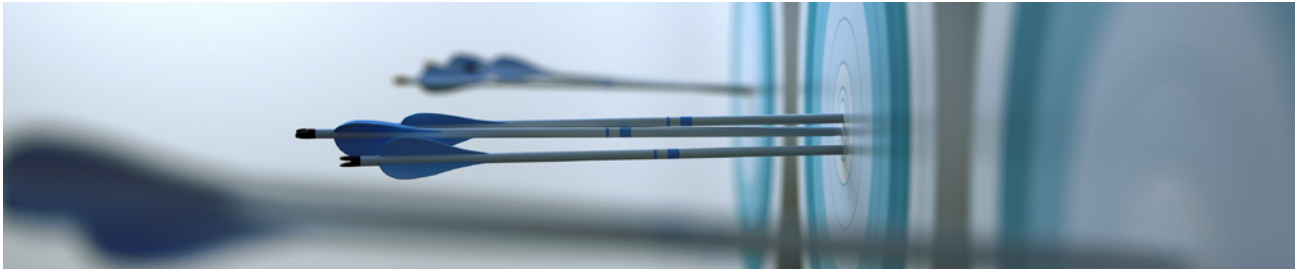
Of course, you can't ignore price. You will ultimately need to work with the budget you have, while striking a balance with product quality as best as you can. Let's take a look at the pricing spectrum:



From a pricing standpoint, it's less about the initial cost and more about potential ROI. All-in-one HR solutions will take years to achieve ROI—and if you need to customize it later on, your ROI journey starts over.

You've likely already invested in an HRIS/HCM. So, make that investment more impactful by adding standalone performance management software to your suite.





### 3 IMPLEMENTATION TIME

Implementation time goes hand in hand with pricing and ROI.

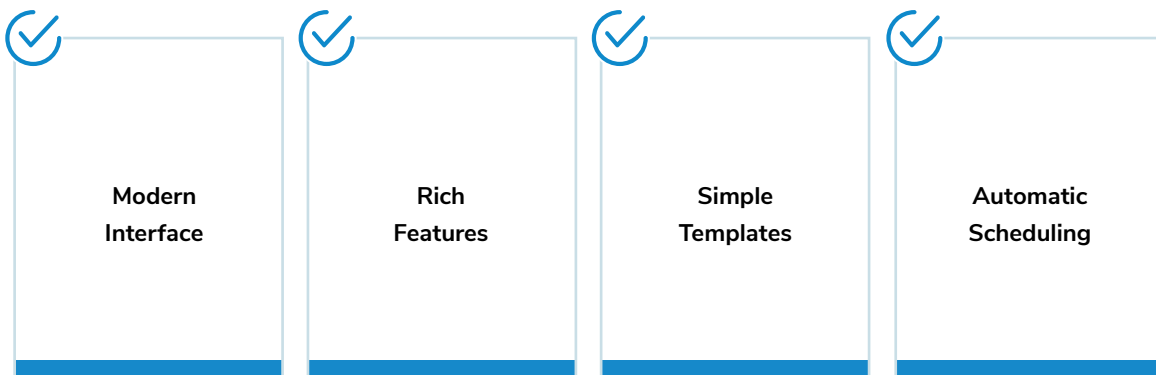
Consider:

- ✓ How long does it take to get set up?
- ✓ How responsive is the software provider during the implementation process?
- ✓ How long does it take to train users?

The longer it takes to do all of the above, the slower your ROI. Not to mention, you need to actually be able to use the solution in a reasonable timeframe in order to transform your performance management process and reap the benefits.

### 4 USER EXPERIENCE

On a similar note, performance management software is only helpful if people can actually use it after initial implementation and training. An intuitive, flexible user experience is critical, which usually means at least:



## 5 CONFIGURABILITY & CUSTOMIZATION

The problem with many all-in-one solutions is the lack of configurability and customization capabilities. This is because these solutions are hard coded, so any changes require a huge IT lift and cost burden. But every company's performance management process has unique needs, so how can you expect a one-size-fits-all solution to work?

For best results, you want software that is flexible and configurable for any process without being too broad and unusable. This means software that is built on a low-code development platform that can be easily customized to your organization's process without the need for complex coding. Low-code software is faster and cheaper and will continuously improve as more and more users request and add new features.

Some other important configurability questions:

1. Can you support any rating scales?
2. What types of goals can you configure and align?
3. Can you define conversation starters or discussion topics for feedback sessions?
4. What are the review templates like? Are they usable out of the box? Can they be modified easily on demand?

The more flexibility you have in these areas, the better.

## 6 EASE OF INTEGRATION

Performance should not be managed in a silo. It directly connects with other HR functions, like compensation and rewards.

This means your performance management software—especially if it's a standalone solution—needs to be able to integrate with your compensation and rewards solutions and broader tech stack.

In fact, problems with software integration is a factor that's expected to [restrain the growth](#) of the overall market. So, you need a solution that's ahead of the game and can play well with other solutions.

That way, whatever the rating scale, whatever the feedback cadence, whatever the goal, you'll have the data you need to reward your top performers and motivate your entire team.



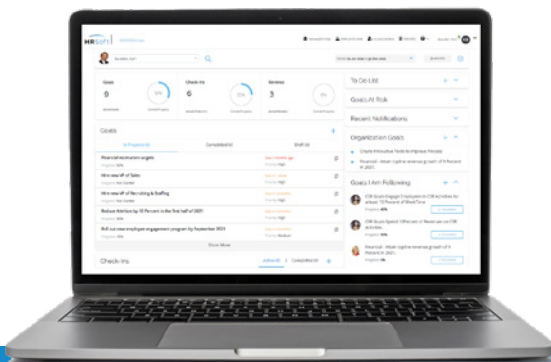
## The Verdict

With so many options on the market and different directions to go, selecting performance management software can be a daunting task. You're already frustrated by your current performance management process, so the last thing you want is to implement software that doesn't actually change anything.

The right choice will lead to a more effective, focused and engaged workforce that helps your entire organization achieve its goals.



PERFORMview is a performance enablement solution designed to deliver better business results by combining agile goal management, goal alignment, frequent feedback and simple, periodic reviews with simple and highly configurable user interfaces and workflows.



With PERFORMview, you can expect:

- ✓ **Better results.** Effective individual and group goal execution achieved with clear objectives and proper acknowledgment of results.
- ✓ **Better goal alignment.** Across the organization, within a team or among cross functional teams; everyone can work together better on key organizational and team goals.
- ✓ **Better people management.** Managers can be more effective with the tools they need to provide timely and effective feedback during regularly scheduled check-ins. And because managing people can be hard - the software should be easy.
- ✓ **Better reviews.** Rapid and simple end-of-period and annual reviews that are fair, meaningful and informative, leading to more confidence in the process, the management and the company.