



Buyers Guide to Performance Management Software



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Forward by Daniel Anticich and Stuart Hearn

Daniel Anticich - Head of Sales & Marketing: "I've been buying, selling, and working with technology solutions for 14 years. Much of that in the talent management space. I'm passionate about matching the needs of organisations with the right software."

Stuart Hearn - Founder & CEO: "I'm a performance management specialist with 20 years' HR experience, both as an HR Director and Consultant. I've spent the last 10 years working with organisations to improve their performance management processes and implement online systems."

Here at Clear Review we're in the privileged position of speaking to HR and Talent professionals every day regarding their performance management challenges and how they're looking to solve them. There's never a dull moment as every organisation is intriguingly unique and the majority of these conversations involve a project owner passionate about driving positive change. Nonetheless, there are some themes and questions which appear with surprising regularity. One of these is how to go about navigating the world of performance management software with all its nuance and complexity. This guide sets out to provide a framework to support your journey towards the right technology partner for your organisation. We'll address some of the key considerations, attend to frequently asked questions, and aim to give you more confidence and savvy in engaging with technology vendors.

To be transparent we are a performance management software vendor ourselves and thus have clear and sometimes passionate views on the subject. That being said we've tried to lay out the issues and arguments as objectively as possible in order to provide you with a resource that makes your selection experience easier.

1. Where do I start?

Although it might sound obvious, perhaps the biggest challenge in selecting a continuous performance management technology partner is getting to grips with what your organisation truly needs at a strategic level. Engaging with software vendors can feel confusing if you don't have clarity on what your 'perfect world' looks like. That said, this doesn't mean you need to have your strategy and approach completely nailed down. In fact, you should use your interactions with vendors' content, software demos, and sales discussions to help crystallise your strategy. After all, we're the people out there in the trenches understanding challenges, implementing solutions, and (the good ones!) working with customers towards increasingly effective performance management cultures.

But having a 'working theory' in place can be extremely helpful even if you end up some distance from your initial thinking. So what might this actually look like? Below are some jump-off points to begin shaping your approach which will put you in good stead for engaging the technology market.

What does good look like?

There's been a huge amount of research on the changing world of performance management and specifically the shift from annual appraisals to continuous performance management and real-time feedback. Some thoughtful reading on what is already working can accelerate your thinking. Bersin by Deloitte, this CEB report, and our very own Stuart Hearn's Ebook are great places to start. A useful goal might be to come away with a list of bullet points capturing the proven findings and core themes which resonate with your specific environment. This can often be all it takes to be a mini-expert within your organisation. The scope of your best practise summary will depend on your organisation's size, culture, and performance management history. Be sure to capture a handful of specific research statistics as you go. Having 'science' on your side will hugely build your strategy and enable you to speak with more authority to salespeople, and more importantly with your key stakeholders.

For what it's worth after reading endless articles and whitepapers we'd distil this best practice into two powerful points:

Performance management models need to be extremely simple

The most powerful driver of performance improvement is quality conversation supplemented by real-time feedback.

What are managers and employees telling me they need?

As we'll explore in detail in the next chapter, we believe the most important consideration in implementing software is how it will land with the people that are going to be using it. Time invested in speaking to future users about what their needs, wants and frustrations with past systems can have a significant effect on the overall success of the project. Don't expect them to be able to articulate their needs with a high degree of clarity, but rather look for key themes and messages that can shape your strategy and technology selection process.

One effective approach is to put together a brief survey or questionnaire to compile the information in a coherent way. Using free technology like Survey Monkey can speed up the process and maximise response rates.

Can I articulate what we need?

The next step is to start getting thoughts down on paper. Even if it's a single page or a set of bullet points, taking the time to try and capture the model you're working towards can both crystallise your own thoughts and provide a useful jump-off point when engaging with tech vendors. You might want to consider making a distinction between your 'core need' and any 'nice to have' elements. It's easy to default towards a list of functionality as opposed to distilling your need into a simple message. You'd be right to suggest that surely it shouldn't be that complicated. After all the need/goal should always be to improve performance management. You're absolutely right and that should be your 'north star'. However, this exercise is starting to explore the 'how' that sits beneath the 'what'.

If you think you're going to have a job on your hands when it comes to convincing key stakeholders you might even want to start building out the skeleton of a slide deck or formal research paper.

To give you some context, some of the core needs we hear about most often are the requirement for 'meaningful performance conversations', 'visibility and insight into performance management across the organisation', and 'driving a culture of real-time feedback'. Points like these can start to provide a lens for how you analyse the strengths and weaknesses of any given software solution.

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2. User Experience vs Performance Measurement

This is the most critical consideration as you move through both the performance management model build and software selection process. For decades performance technology has suffered poor adoption rates with users simply giving up and condemning them to the too-hard basket. There's one simple reason for this. The technology was not built with user experience and adoption as the primary focus. Instead, the technology has been built at the behest of HR and business leaders as a means of extracting data from a user population with a view to measure and rate their performance.

This fundamental methodological error has been written about at length including this seminal CEB Report. It breaks down why ratings, rankings and measurement first approaches not only fail to improve performance - but often have the reverse effect. This thinking has been an underpinning tenet of the annual appraisal model and one of the keys to unlocking the deep-seated disgust that many people have for it. The measurement paradigm has been synonymous with contrived (digital or paper) forms, confusion over rating mechanisms, and all of this accompanied by a sense of frustration that very little value is being generated for the effort.

Unfortunately, most of the technology on the market has its foundations in the measure-and- rate way of thinking. Technology wise it is often manifested via slick and attractive looking screenshots and demos with colourful pie charts, percentage metrics, and countless 'insights' on display. As the person leading on performance management and desiring high levels of visibility, this can all be very appealing as it can feel like a digital embodiment of where you're trying to get to. A nicely sewn up world with everyone in the right box!

66 96% of companies that have redesigned performance management say that the processes are simpler, and 83% see improvements in the quality of manager/employee conversations. *Deloitte*

The problem is that for every chart and metric, there is a requirement for thought through and recent data input by a user population that often feel that data is not relevant to their roles. On this point the evidence is clear. People simply hate to do it. This results in one of two things; a) they refuse to do it, and b) if forced they input inaccurate data rendering the whole approach meaningless. Deloitte/Accenture?? found they were spending Xmillion?? hours every year gathering and compiling data, only to find it was of poor quality and provided little or no meaningful insight.

Simplicity & the New User Experience

As the failed model fades away, a new user-first model is emerging. A model in keeping with the overall 'consumerisation' of technology where people increasingly expect the intuitive technology they use in their personal lives to be reflected in their work tools. Also, the age of personnel management where people could be told what to do are long gone. The empowered modern worker needs to see the tangible value or they simply won't do it.

Big brands like Microsoft, GE, and Adobe have turned their models completely upside down. Rather than starting with measurement as the goal (resulting in a glorified data input system) they have ruthlessly prioritised a simple user experience to enable the only thing that makes a difference. Quality performance conversations. They've then implemented software which supports that thinking. This approach means managers and employees have a tool which is easy to use and genuinely facilitates more frequent and higher quality performance interactions on a day to day basis. This, in turn, delivers three valuable outputs:

- 1. Software adoption rates are significantly higher as users enjoy the benefits of a true value adding platform**
- 2. Adoption signifies performance engagement, and engagement leads to tangible performance improvement**
- 3. Furthermore, now that data is flowing into the system HR and Talent leaders have, for the first time, real information to work with. This enables genuine insight based on human interactions as opposed to contrived and irregular rating scores.**

To summarise

Build your performance management approach around what your people want and put a tool in their hands that helps them do it.

To be clear the administrator experience, or 'back-end' of the system, is hugely important and we'll come on to that. We would simply argue that it should be a secondary concern because if adoption rates are low, no amount of clever configurability or reporting dashboards will fix that problem.

So how do you know what a user first system looks like when you see it? It should be that your first impression is a sigh of relief and sense of confidence that you could put this in front of your people and they would just get it. Fortunately, you can invariably ask for a free trial for a sample user group to bear out that first impression.

On the flip side if someone is trying to focus on the back-end, dashboards, reporting and the like you need to push back and really figure out if there is a simple user experience behind the bells and whistles.



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3. What to Look for in a Performance Management Tech Partner

Depending on your level of experience, attempting to ascertain the differences, strengths, weaknesses and commercial considerations of multiple vendors can feel like a major time-sink or even outright scary. Having a framework to work from to ensure you engage the right vendors, ask the right questions and minimise the time-to-decision equation can be invaluable.

Below are some of the key considerations to help build your vendor engagement framework:

Simplicity:

As per the previous chapter, keep the user experience front and centre. Is the solution truly simple? Is your initial response; 'I would feel confident to put this in front of our managers and employees without any training'. If the answer is anything other than a resounding yes, then it's likely it's time to cut that particular relationship short and move on.

Need/Solution Fit or
Does it do the Job?

From my years of buying software solutions, selling software solutions, and helping support customers post-sale, I have learned one simple but critical lesson. Always purchase a solution that was built to fix the problem you have. Although this may sound obvious, many a government agency or major multi-national corporation has spent billions on solutions that at the heart of it were not designed to do what they wanted it to. There can be a host of reason why this happens but perhaps the most common would be: a) not being clear enough on the problem, and b) it costs less.

I like to think of software solutions as having personalities. Like humans, software solutions are 'just naturally great' at some things and, well, not so much at others. In software development language you would call this the 'system architecture'. If the core architecture is not geared up to solve your main problem you will know about it, and your user population even more so. There will be a constant sense of frustration as even basic workflows feel unwieldy and click-heavy. You'll constantly be asking your vendor if they could 'add this' or 'configure that' and they'll find it difficult to accommodate. Not due to being difficult necessarily, but because the nature of your request cuts against the core architecture of what they have built. This, in turn, means it takes a long time to develop and often causes problems within the code base, and inevitably the user.

A software vendor should be able to quickly articulate where their strengths lie. This often stems from the story of why they built the system in the first instance. They should also be able to tell you where they are weak, or at least what they don't focus on. Be wary of any software sales person who says 'we can do it all!'. This very often means they have a system that has cobbled together additional functionality over the years and provides a confused user experience...or that the salesperson isn't very good! I would suggest asking these questions before seeing a demo, you can then get a sense of whether or not the vendor has a clear idea of what problem they are solving and you can then decide for yourself during the demo if the software itself supports their claim.

For reference, some of the problems that people are coming to us with are listed below. In general, there is one overwhelming problem that HR people are working on solving, and that is the first one. For the next 3-5 years, we will see a sea change in performance engagement as knowledge workers refuse to accept the broken models and improved models and technology replace them.

- **Lack of engagement with all things performance management - often based on years frustrating annual appraisal models and poor adoption on clunky systems**
- **Struggling to find systems to support a manager/employee conversation-based model**
- **Lack of meaningful insight into performance management behaviour within the organisation**
- **The struggle to identify top talent and poor performers**

Can they prove they can do the job?

Following on from the above you need to come away from a website, demo or sales interaction with a sense of confidence that they are delivering what they say they can. To establish this you'll need to thoughtfully digest any case studies they provide. Are they general 'we did good things' PR exercises or do they provide specific information about solving real-world problems that relate to you. As you get deeper into a sales process you should ask to speak to some of their customers who had similar needs and are able to explain how their technology has helped.

It's useful also to peruse the content on their website and blogs etc. If a software vendor is professing to be an expert in solving a specific problem or having a certain take on the world, this should be reflected in their materials and reading it should give you a sense that they really know what they're talking about and are passionate about meeting those needs.

Naturally, the demo itself is a hugely important factor which is why I've split that out as a separate chapter. In short however, you need to feel that as the demo progresses what they have said about their system is ringing true. For example, it's easy to say 'our system is intuitive and simple' but there is nowhere to hide in a demo if in fact, the reverse is true.

Support vs Partnership

Rightfully we are often asked about what kind of support we provide. Most of us have been in the frustrating situation of battling to get timely responses or annoyed at system bugs that won't go away. Even worse is the feeling of paying money to a provider who simply doesn't seem to understand what you're trying to achieve, let alone comes to you proactively with ideas, insight or input into your usage of the system or how their development roadmap might help improve your performance management culture.

Things have got a lot better over the years and the Software as a Service (SaaS) revolution has almost universally improved the levels of service and support. In reality, there is very little difference between most performance management tech vendor's Service Level Agreements (SLA) and timely responses and bug-free experience should be table stakes. This often renders the initial question somewhat meaningless.

A more useful line of questioning is around what level of 'partnership' the vendor is offering. To clarify, despite the fact that the shift from annual appraisal models to continuous performance management is well underway, for most organisations (and thus most HR & Talent professionals) it represents the first step into a brave new world. A transition which is likely to produce a large number of questions, most of which can be covered off in the sales process. However, performance management by its very nature is an ongoing process of continuous improvement - not a one-off project. That being the case you need a technology partner who has clear processes and forums dedicated to the ongoing exploration and dissemination of best practice to help you effectively shape and improve your model. How easy is to get access to a Customer Success Consultant? Does the vendor have a community of customer spokespeople asking questions and sharing ideas?

On top of this vendor should also be able to clearly (even passionately!) articulate their technology roadmap. Just like your own projects, software companies should have a vision for the 'perfect world' they are working towards. But also ask for evidence of recent development as all too often vendors can get the balance between sales focus and product development wrong, leaving the software languishing.

Administrator Experience

We've discussed the user experience as critical. However, as it is likely to be yourself or one of your team who will be owning and running the system, the importance of understanding the back-end of the system cannot be understated. You need to have a clear understanding of how configurable the system is (don't be fobbed off with 'it's all configurable') and equally important is to be clear on how much is configurable by you and how much by the vendor and what the commercial model is if it's them needing to do the work. There's nothing worse than feeling like you don't have the agility to tweak your model simply because it costs too much to have your provider reconfigure a field or two.

In straightforward terms, do you feel like you 'get' the system? Will it be a business tool that you can properly engage with and improve over time. Does it give you the reports and information you need and can you be confident you can explain it to others - specifically users and key stakeholders? We've all had that impending feeling of dread at having to log in to a system that is painful to find your way around. It doesn't have to be like that!

Cultural Fit:

You need to feel comfortable and confident with the people and resources you've engaged within the sales process. You may be working together for a number of years and you need to be able to challenge, ask difficult questions, feel that your contacts are genuinely invested in you and the success of your project. You'll know when you have a cultural fit and when you don't.

Another vital piece of the selection process is understanding the kinds of software technology that is out there, and also the different scales. You need a tech partner who is designed not only to meet a specific need but to do so for a specific size of a company. We'll explore this more in the next chapter.

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4. Performance Management Software vs HR System's Performance Management Module

This is very likely a decision you'll need to think about if you're not doing so already. It is particularly the case for 'mid-market' companies of roughly 100-5000 employees. Most of the organisations we are speaking with, as well as our existing customers, have in place an HR Information System (HRIS). The majority of these systems have some form of appraisal or performance management module which can be bolted on for an additional fee. So when it comes time to transforming performance management the question is should you use this additional module or use a performance management specific software solution.

Let me give you a bit of background before outlining our position on the subject.

Suite Solutions vs Point Solutions

In the software world, this is broadly a conversation about 'suite solutions' vs 'point solutions' and it's a subject that we at Clear Review are particularly passionate about. Largely because (full disclaimer here!) we ourselves are a point solution and thus view the world through that lens. I've been on the other side of the equation selling and advocating for suite solutions and have seen the debate go back and forth over the years. Despite having 'picked a lane' on this subject, there are benefits to both models and anyone who tells you different should be treated with caution.

What is a Suite Solution?

In short, it's a software offering that offers various elements or 'modules' which cover different disciplines. These modules often include: Core HR administration, Payroll, Learning, Recruitment, Succession Planning, and Performance Management. Naturally, we're talking about HR software only as there are suite and point solutions for most software categories such as finance and sales software also.

Benefits:

- **Managing a single contract**
- **Having a single data source**
- **Lower price. Often times the cost of several modules from a single provider will be less than the combined cost of several 'point solutions' from different vendors.**

What is a Point Solution?

A point solution simply refers to software that has been designed to do one thing. For the purposes of our conversation, that means performance management, or even more specifically, continuous performance management. In reality even with the continuous performance management software category, there are specific areas of focus and competency.

Benefits:

Point solutions should (and invariably do) do a better job at the core area they were built for. This inevitably means higher adoption due to superior user experience.

The people behind a point solution generally have a stronger pedigree of thought leadership and best practice in their discipline.

Despite the price being higher than adding an extra module to an existing contract, with the increased take-up of the system the actual return on investment is often significantly better.

The Background:

It's useful to get an understanding of what the thinking has been in the past, and how the landscape is quickly changing to better inform the technology selection process.

The lens that should focus this conversation is the all-important question of what you are looking to achieve from performance management. There is increasing clarity across the HR, Talent and wider leadership community that performance should be about one thing. Improving performance. Not measuring it. Not constructing nine-box grids. Actually increasing the performance of your people. So what is standing in the way of this happening?

Our thoughts:

The legacy problem to be solved is that of poor manager/employee engagement levels when it comes to performance management. This has come about for two reasons. Firstly the old models haven't worked. Secondly, legacy software has been built to support the old models and are by default overly complicated and clunky. This being the case it is both components that need to be radically transformed - the performance management methodology and the software platforms that underpin them.

Both your approach to performance management and your systems need to focus on how to enable quality performance conversations. Of course, there are additional considerations, but this is the foundation from which to build.

So how does this apply to the suite solution vs point solution conversation? Our experience is that although both managers and employees often desire more frequent and meaningful performance interactions, the smallest obstacle can derail this good intent. There are a number of potential obstacles (many of which are discussed in this webinar), however, as we've established technology has traditionally been one of those obstacles. Technology cannot be an afterthought. It is fundamental to the success of a thriving performance management culture. It must be simple. It must add value to the user.

The very nature of the performance management capabilities within suite solutions, whether they be the additional module on your HRIS system or your talent management suite, is two-fold. Firstly they are invariably rooted in the legacy model of annual appraisals and the associated painful data input administration. Secondly, because they are 'hidden' within a wider system, they have to be navigated to - this often means a high click count and a cognitive barrier as to why I should be using the same system that I log my annual leave to facilitate performance management conversations and feedback flow, that's if the system even allows those things. These factors combined are usually enough to be prohibitive for the busy knowledge worker.

Our position is that you need to put a tool in the user's hands that is non-prohibitive, requires minimal clicks, and upon entry facilitates a user journey built around frequent feedback and dialogue. Not the input of data, ratings and other non-value adding information. Just because a software is a continuous performance management point solution doesn't necessarily mean it ticks these boxes. But if indeed a solution was built solely to meet these criteria, and the user journey is thought through an intuitive - then we believe that kind of point solution should win out every time.

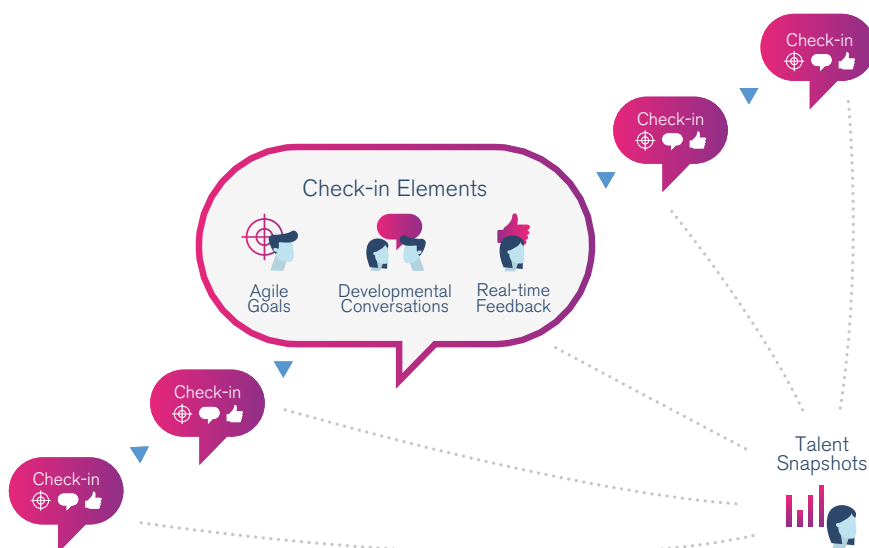
We recognise the attraction as these bolt-on modules are often attached to a low price-point. However, the price differential between a bolt-on module vs a purpose-built continuous performance management module needs to be assessed in light of the potentially huge difference in adoption and engagement. Opportunity loss also needs to be considered as rolling out a whole new initiative geared towards a modern and engaging performance model can be scuppered in the first few months if the underpinning technology is prohibitive and doesn't support the core message.

The Three Tiers of Performance Management Software

There is no shortage of performance management solutions out there. The challenge is zeroing in on which ones you should investing time in engaging with. Below are three ways of looking splitting up the market which provides a grid to work from.

1) Enterprise Software: These providers cater mostly to large and often multi-national companies. These companies are 'suite-vendors' with performance management being a small part of their wider HR tech offering. The key players are Workday, Oracle, SAP SuccessFactors, Ultipro and Cornerstone. The pros are that they are able to handle complex global set-ups, are usually highly configurable, offer a wider strategic portfolio, and are robust providers who will be around for some time. Cons are that they are by far the most expensive (hundreds of thousands into the millions contract value), tend to lack agility and responsiveness, and tend to have a clunkier user experience. Sales cycles often run to 1-3 years.

2) Mid-Market Software: Mid-market is a disputed term but broadly speaking the average is 500 employees with a range roughly from 100-5000 employees. There has been a significant increase in mid-market HR technology solutions as the digital revolution has trickled down from the enterprise. Their business and commercial models are appropriately scaled and in sales, cycles are shorter, often between 6 months and a year. Similar to the enterprise model, most of these providers offer a suite of modules with performance management being an optional element. There is however an increasing number of performance management 'point solutions' entering the market, mostly from the US. These providers usually have a specific take on the performance management world and their websites and content should help you understand their focus.



3) Apps for Small Businesses: For the small business (less than 100 people) there is an increasing number of reasonably easy to deploy apps. Often times the sales process is geared toward a more automated approach, for example, video demos and automatically set-up free trials as opposed to a more consultative sales approach. The challenges facing small business often differ in key ways, for example, adoption can be less of an issue as business leaders can push and monitor usage in a more hands-on way. Also smaller business are often looking for hybrid systems that might incorporate some kind of task management or KPI tracking element (something we would strongly advise against! Examples of vendors in this space might be Small Improvements, PeopleGoal, Impraise/ Appraised??).

By way of disclaimer, there are often grey areas with the larger vendors making plays for the mid-market and smaller solutions trying to 'sell up' into the mid-market.

What Does 'Continuous Performance Software' really mean?

Now that continuous performance management has been universally accepted as the way of the future, software vendors have been quick to align their messaging to be hitting the right notes from a marketing perspective. However, the reality is the software itself hasn't changed. Which begs the question, what should a modern or 'native' continuous performance management system look like?

Our view is that its fundamental architecture should be built around supporting high-quality performance conversations. The current performance management revolution we are experiencing can be boiled down to the central realisation that it has only ever been a conversation and timely performance feedback that makes an impact.

Bear that in mind as you assess software solutions. Ask: Is this system all about unlocking dialogue and feedback? Is it easy to set that conversation up, capture the salient points and move on? Is the system asking me to fill things out rather than actually speak to another human?

Yes, you should absolutely be able to have a means of asking vital questions of your managers to be better understand your talent population. High potential talent, poor performers, it's essential to increasingly get a handle on this information. But it should not be the core focus. The user journey towards improved performance is the game changer and the difference between a successful performance culture and the disengaged status quo.

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5. What to Ask in a Demo

Questions to Ask

The below is not a comprehensive list of functionality specific questions as these will vary depending on your needs. Rather these questions allow you to explore some of the higher level but critical aspects that you need to be aware of before diving into the functionality.

- **Explain when and why your software was built and which specific problem it solves?**
- **Is our organisation your usual target customer or do you usually serve larger or smaller organisations? What percentage of your existing customers are roughly the size of our company and can you give some examples?**
- **What is the ballpark cost?**
(I would suggest asking this via email ahead of time).
- **Where is your company based and how many employees do you have?**
- **How does the system integrate with our HRIS system?**
- **Show me what is configurable by us and for which elements we need to request configuration?**
- **Show me how 'open' the system is in terms of manager and/or employee being able to update the system - how many clicks?**

Assessing the Demo/Vendor

I've seen suggestions of detailed scoring mechanisms when comparing demos. My thoughts would be this is overkill unless you are talking about a highly complex software system for tens of thousands of users that require a high degree of configuration, often due to language/global considerations. I would suggest it is usually a lot easier to differentiate between systems and it will come down to a few basic reasons.

The below are several questions which should capture most of these considerations.

- **Does the software meet the core needs you had before the demo? yes/no.**
- **What is your first impression in terms of simplicity for the user? Imagine their first, all important experience. Would they be able to use the system?**
- **Do you feel confident that you 'drive' the system when shown the back-end? Ie reports, configuration etc.**
- **Was the sales person knowledgeable? Could they put your question into a wider context and provided rounded thoughtful answers?**

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When to Engage with Software Vendors

Before we look at where you might find a potential technology partner it's worth thinking about when is the right time to engage. Although it might feel like there's no point in speaking to software vendors in the early stages of your project, perhaps before you've even got stakeholder buy-in let alone a signed off budget, there is one clear benefit to getting in touch early.

Seeing a technology 'in the flesh' can, in the space of 45 minutes or so, quickly move your vision forward and give you a much clearer idea of where you'd like to end up.

There's a lot to consider when moving from annual appraisals to continuous performance management, and some of the main problems we see HR and Talent people face are being stretched for time as well as finding such a high profile project daunting and fraught with potential risks. This often translates to these business critical projects suffering from inertia due to the struggle in nailing down a strategy and the tools to deliver it. There's a wider point here about not letting the perfect be the enemy of the good and these videos from the HR Director's of Perkbox?? & Clydesdale & Yorkshire Banking Group??? might help with that!

The reality is that software vendors, alongside performance management consultants, are the people at the coalface getting to grips with the challenges. They are also seeing customers move past those problems and leveraging this experience to help inform your own journey can be a highly efficient way to move your project forward. Often times the demos that we are conducting are to people who specifically state they're in the early 'research and review' stages of the process - however, these same people often go away excited and more confident that there really is a way forward and a tool to help them get there. If you're concerned about setting false expectations or of being hassled by salespeople who are trying to rush you - you will generally find that if you are transparent about where you're at and set boundaries such as 'feel free to get in touch but not for six months' it generally shouldn't be an issue.

Where to Look

Word of Mouth: The first place you should look for a potential performance management software partner is within your existing networks. Getting unbiased recommendations from practitioners who have had good experiences is an effective and time efficient way of building a list of potential vendors to get in touch with. Often times LinkedIn groups are a great place to start, people who have something worth saying are usually happy to chip in with thoughts and suggestions.

Google Organic Search: Yes, as ever Google is the source of all information! However, there's a reason why this is the case. In order to achieve a high ranking on Google, a software provider will need to be providing regular, pertinent, and quality content. Although a page one ranked website does not necessarily equate to a great partner, it is least an indication that they consider themselves a key player in the space and have invested time in money in raising their profile.

Perhaps of less importance are the Google Ads at the top of the page. Although it's unlikely any business would invest money in advertising something they can't do, it takes a good deal less effort to throw money at ads instead of building a genuine organic ranking based on thought leadership and quality content.

Software Aggregators: If you Google 'Performance Management Software' some of the first listings are the likes of Capterra, SoftwareAdvice.com, and g2crowd. These sites are basically a mini version of Google built specifically for software solutions. They are particularly useful to access reviews which will give you a better sense of what each solution's strengths and weaknesses are. However, it's worth noting that they do not necessarily have the same level of rigour as Google organic search and there can be some smoke and mirrors involved. For example, it's not as clear whether a ranking is due to paying for it or earning it. And similarly although a number of reviews is a useful metric, if a company has been around for 15 years it might have plenty of reviews but another company with fewer reviews might be a more modern and effective solution that simply hasn't been around as long to get the number of reviews.

Follow the Quality Content: Following on from the Google organic point, if you are researching continuous performance management best practices, in general, you should pay special attention to the software providers who's articles, ebooks and resources add genuine value to your research journey. If a vendor seems to be 'speaking your language' and providing insight into the challenges you are facing, it's likely their technology will at least be trying to address these same challenges and thus it might be worth booking a demo based on that reasoning alone.

Pricing Considerations

Naturally, there are a great many of variables that make it impossible to identify here what is the right price you should be paying. Below are a few considerations that you can factor in to assist your thinking. At the end of the day by the time you've seen three or four demos and have had each proposal through (that's if pricing is not published on the vendor's websites), you will very quickly get a gauge for what kind of commercial commitment you can expect.

Business Case - What is the cost of poor performance?

This is a complex topic but it is worth thinking about whether you can establish a guideline figure that rings true with senior stakeholders. For example, if company turnover is X and the percentage employee performance makes up 75% of that figure - a 20% improvement on current performance would equate to Z turnover increase. This will at least get business leaders a context for the budget you're asking for as the software fees will be nowhere near that kind of number. A similar high-level consideration might be the cost of employee attrition due to the low manager/employee engagement levels.

To look at this in more depth we have a Performance Management Software Business Case Template which we're happy to share on request.

What are the different pricing elements? There are usually three commercial elements to consider. The principal element being the annual subscription cost with the others being the cost of implementation and the minimum contract commitment term.

For the most part, the subscription cost is a straightforward equation of: number of users x annual cost per user. There may be options to pay for additional functionality or modules to be switched on or off.

Implementation cost can vary wildly from free to tens of thousands.

Our view on implementation cost is that the era of costly customisations and in-depth user training projects should be coming to an end. Software should do what it says it can do without major configuration and when it comes to performance management, if people can't simply log in and use it then it is probably too complicated and no amount of training can fix that problem.

Minimum contract length often depends on the size of the spend. It is also linked to the implementation cost or lack of. The reason being that for a Software as a Service vendor a significant amount of the resource commitment is up front. Thus it might make sense to offer free implementation on a two-year contract as the costs will be absorbed, but if it's a one year contract the vendor may need to charge for implementation up front.

What Outcome are you Paying for? When looking at pricing and fighting for the budget it's critical to keep the end goal in mind at all times. If the end goal is to optimise adoption, drive meaningful performance conversations and feedback, whilst gathering insightful data - then keep that front and centre as you compare the commercials. It can be tempting to slip into a 'bang for buck' approach, simply weighing up the number of features a product has against the cost. But the reality is an outdated software that has fifteen different areas of functionality which it has built up over the years, is also very likely to be a cumbersome, confusing and clunky experience for an end user. In that scenario, you've spent less money but the adoption is low and the return on investment is poor.



If I have made performance management sound simple, then that's good, because it doesn't have to be complex or difficult if you have the right framework and supporting technology.

If you would like to share your experiences or tell us how you've made the change from the annual appraisal to something more meaningful that drives performance improvement, why not email your comments at **hello@clearreview.com**.

We'd love to hear from you.



Watch 5 minute Continuous Performance Management video

Watch Video Now

