



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 15 years, mostly in the talent management space. I'm passionate about 'user-first thinking' and 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 through smart technology.

HR professionals are uniquely placed to understand how people behave and react to change. You're the one in the vanguard, defending people's interests (even if they don't, perhaps, always understand that!). So the more information you can arm yourself with, the more likely you are to gather support and usher your quiet revolution through the gates.

We've spent the last few years developing and refining Clear Review's performance management software, and we speak to HR and Talent professionals every day of the week. Virtually everyone we speak to is passionate about driving positive change in their organisation. And although they all have their own unique challenges, they also know that it's not enough to just say "We're making a change". The communications and cultural change process is all important. Similarly, and increasingly, the technology that underpins it is critical.

This guide provides a framework to support your journey towards the right technology partner. We'll address some of the key considerations, answer the frequently asked questions and give you more confidence in engaging with technology vendors.

As a performance management software vendor, we have clear and - sometimes - passionate views on the subject. For the purposes of this guide, though, we've done our best to submerge our passion and give you as objective a view as we can.

Chapter 1 - Where do I start?

You can't truly get to grips with what the market is offering unless you have an idea of what your perfect world looks like.

That doesn't mean you have to have everything nailed down in a neat PowerPoint and signed off by the chairman. Before you even start meeting with vendors, there's plenty you can borrow and steal from them to inform your strategy. Every vendor out there is creating content - some great, some less so - that you can download and review. There are online product demos, videos and webinars to give you an excellent starter for ten. Vendors and analysts are the ones at the coalface, remember: to thrive, they need to understand what their customers' challenges are, deliver the solutions to fix them and work hand in hand with those customers to help them make that cultural change.

But you do need somewhere to start, if only to prove yourself wrong later. So... how to get started?

What does good look like?

There's a lot of research out there. A daunting amount, in fact. In the last few years, it's become accepted as fact that annual appraisals are a broken, clunky mess and that shifting to a continuous model with real-time feedback is far more valuable. But it doesn't hurt to understand the general themes before you get to the specifics. Start with the heavy hitters: [Bersin by Deloitte](#), this [CEB report](#), and our very own [Stuart Hearn's eBook](#).

Aim for a list of bullet points capturing the proofs and research that seem to match your own situation. You'll get a) a handful of killer facts to drop nonchalantly into the right meeting and b) the building blocks of a strategy. We all know that a bit of science is a powerful ally: it will help with key stakeholders and it'll be a handy resource to have when you do start meeting with salespeople.

Our own take on this, after digesting more articles and whitepapers than any human should reasonably be asked to get through, boils down to two key points:

- Performance management models need to be extremely simple.
- The most powerful driver of performance improvement is quality conversation and clear goals supplemented by real-time feedback.

What are managers and employees telling me they need?

There's more detail on this in Chapter 2, but it's worth stating and restating: the most important consideration with software is adoption. Will people actually use it?

Try to spend some time talking to future users about what they need, what they'd like and what they hated about systems in the past. You can do this face-to-face but a quick survey (SurveyMonkey, for example, is free to use) will make the whole process much easier and quicker. You'll probably end up with a whole messy pile of "I wants" and "I hates" but you should be able to detect the common themes and messages. These can feed into your strategy and give a bit of shape to things.

Can I articulate what we need?

Time to start writing. Again, bullet points or a one-pager are enough at this stage, but you need to start shaping your model. What vision am I building for performance management at my organisation? What really came out in my survey? This can really help to crystallise your own thoughts. You may find that you're starting to get an idea of a core need and be able to distinguish between that and the nice to haves. Remember: this isn't about functionality so much as what you want to achieve with this. And yes, of course "effective performance management" is what we ultimately want to achieve: that's the end goal. This is about exploring the "how" that sits below the "what". This is about finding the pillars that will prop up the house.

It's also a really useful way to start building out a deck for key stakeholders. Some of our customers needed absolutely no sell-in to senior leadership. Most did. We do have some resources, including unbranded slides, that can help with this.

To give you some context, the core needs we hear about most often are:

- The requirement for 'meaningful performance conversations';
- 'Visibility and insight into performance management across the organisation';
- 'A simple, agile way of doing performance management in the flow of work';
- 'Driving a culture of real-time feedback'.

Once you have a core need established, you'll have a definitive way to judge the strengths and weaknesses of the software you see.

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Chapter 2 - Engage first or measure first?

For decades, performance tech has had a problem: no one wants to use it. The systems designed to improve people's outcomes in the workplace do exactly the opposite. Why? Because they were based on the creaky, crumbling foundations of annual appraisals. No one worried about user experience: the focus was on getting as much data from the users as possible.

This seminal [CEB Report](#) breaks down why ratings, rankings and “measurement first” approaches not only fail to improve performance, but actually make things worse. The system uses impenetrable forms - first paper, then digital - with no thought for the employees expected to deal with them. Is it any surprise that people got tired of all this?

Unfortunately, a lot of tech on the market is still based on this thinking. You've probably seen the sort of thing we're talking about. Slick screenshots packed with pie charts. Percentage metrics and boxed-out “insights”. And you can see why some find it appealing. Who doesn't like the idea of data all neatly packaged in one place?

The problem is that the data all needs to come from the users. All the info packing those pretty charts needs to be input by employees and managers (unless, of course, you're planning on doing it all yourself). And here's where the elephant comes lumbering into the room and sits on your nicest coffee table.

People hate doing it. And because they hate doing it, they don't. They either ignore it completely or they do it in a cursory, “let's not get into trouble with HR” sort of way. So you either get no data or bad data, and either of those makes the whole approach meaningless.

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*

Simplicity & the New User Experience

So much for the old model. Welcome to the new one.

We're all used to slick and low-friction technology in our personal lives, from smartphones to fitness bands. Why should our work tech be different?

Big brands like Microsoft and Adobe have turned their models completely upside down. When we sat down with a key project leader from General Electric's own performance revolution, she went into great detail about the importance of simplicity and clarity. Rather than starting with measurement as the goal, GE have prioritised a simple user experience. Why? To enable the only thing that makes a difference: quality performance conversations.

They use software that supports that thinking: tools which are easy to use and designed to support those frequent, higher quality interactions. And this gives you three priceless benefits:

- 1. People recognise the simplicity and value, which means they actually use the software;**
- 2. Higher adoption means performance engagement, and engagement leads to tangible performance improvement;**
- 3. Now that data is actually flowing into the system HR and Talent leaders have, for the first time, real information to work with. This means you get genuine insight based on human interactions, not contrived rating scores based on poor data.**

To summarise

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

The canny reader will, at this point, be saying to herself "Yes, that's all very well and good, but the software will still need someone to manage it. And I suspect that will be a person who looks a lot like me." And, of course, you'd be right. The back end is important too, and we'll come on to that later. The point we're making is that if your users don't use it, then no amount of lovely little dashboards will fix the problem.

So what does a user-first system look like? We would humbly suggest that this is one of those occasions where you genuinely will just... know. If a vendor shows you a piece of software and you instinctively feel that your people will "get it", that's a big step in the right direction. Most vendors offer free trials for a sample group of users so you can test your instincts in the real world.



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Chapter 3 - What do I look for?

Trying to work out the differences, strengths, weaknesses and commercial considerations of multiple vendors can feel like a huge challenge. Develop a vendor engagement framework and you'll make sure that you speak to the right people, ask the right questions and make the final purchase decision more quickly.

Below are some suggestions to help you build that framework.

Is it simple?

In their 2017 research paper "Redefining the Rules for the Digital Age", one of Deloitte's key takeouts for HR technology was "bring in tools that are easy for employees to use". Keep the user experience front and centre. Is the solution truly simple? Is your initial response; 'I would feel confident putting this in front of our managers and employees without any training'? If the answer is no, move on.

Does it do the job?

From my years of buying and selling software solutions and helping to support customers after a 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 multinational corporation has spent big money on solutions that - at the heart of it - were not designed to do what they wanted it to. There can be many reasons why this happens, but perhaps the most common are a) they weren't clear on the problem they were trying to solve and b) the purchase seemed to make financial sense (for example, it may have been an add-on to an HR system they had already spent lots of money on).

Does it do the Job?

Software solutions have personalities. Like humans, software solutions are naturally great at some things and not so great at others. In software development language you'd call this the "system architecture".

If the architecture / personality isn't geared to solve your main problem, you and your users will soon find out. Symptoms include:

- Simple tasks feeling click-heavy and unintuitive.
- You'll constantly need to ask your vendor to add or configure things, and they'll find it hard to accommodate you (not because they're difficult, but because your requests will cut against the architecture of their product).
- Long and tiresome workflows
- Delays while you wait for the vendor to make updates.

A software vendor should be able to explain, quickly and simply, where their strengths are (ask them what problem they built their software to solve). They should also be able to tell you where they are weak, or at least what they don't focus on. Be wary of the salesperson who tells you their product can do everything. This usually means they have a system that has been cobbled together over the years, and provides a confused user experience. Or it may just be that the salesperson isn't very good.

I would suggest asking the above questions before seeing a demo. Once you're actually in the demo you can refer back to the answers they've given you and decide for yourself.

Below are some of the most common challenges we've heard in conversations with customers and in our own demos. The first is by far the most common, incidentally, but you may recognise some of the others too.

- **A lack of engagement with performance management, often based on years of frustrating annual appraisals and clunky systems.**
- **A struggle to find systems to support a manager/employee conversation-based model.**
- **A lack of meaningful insight into performance management behaviour within the organisation.**
- **The struggle to identify top talent and poor performers.**

As more and more workers rebel against broken systems and smart HR leaders recognise the value of continuous performance models, we expect to see real change in the modern workplace.

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In moving more HR functions to a single platform, organizations are finding they require new software solutions for an improved end-to-end experience and an integration layer that will allow them to capitalize on innovation happening outside the HCM platform."

Source: 2019 Industry Trends in HR Technology and Service Delivery, ISG.

66 A software vendor should be able to quickly and succinctly articulate where their strengths lie – as well as their weaknesses.

Can they prove they can do the job?

You need to come away from a website, demo or sales meeting with the confidence that they can do what they say. The vendor's case studies are an excellent place to start. Are they vague "we did nice things" PR exercises? Or do they offer specific information about real-world problems? As you get deeper into the sales process, ask to be put in touch with some of their customers: ideally ones with needs similar to yours.

Take a look at the content on their website and blogs, if you haven't already. Software vendors often claim to be experts at solving a specific problem or embodying a specific school of thought. Their content 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). But if you go into the demo armed with the info above, you can judge what they're showing you against their own criteria. It's all very well to say "our system is intuitive and simple". If it's not, the demo will show that up pretty quickly.

Support vs Partnership

If your idea of "Support" is an interminable wait for someone to answer the phone or reply to your email, we may have some good news for you.

The Software as a Service (SaaS) revolution has made a big difference to service and support. In reality, there's very little difference between most performance management tech vendors' Service Level Agreements (SLAs). These days, timely responses and a bug-free experience should come as standard.

So the focus now should be on partnership, not support. Why? Because although the shift from annual appraisals to continuous performance management is well underway, for many it still represents the first step into a brave new world. You'll have questions as you progress. Many of those can be dealt with during the sales process, sure, but remember: you're not going to buy this thing, install it and forget about it. This is a continuous process. So it's well worth thinking about the following:

- Does the vendor have clear processes and forums for sharing best practice?
- Is it easy to get hold of a Customer Success consultant?
- Do they have a community of customers you can share ideas with?
- Do they have any other resources to help you shape and refine your model?

A great vendor should give you feedback and suggestions based on how you use their system. They should come to you with insight and advice. They should share their development roadmap and give you ideas on how it will improve your performance management culture.

Remember: this isn't a one-off project for the vendor any more than it is for you. Software needs to evolve, so expect vendors to be able to explain where their technology is going. Just like your organisation, software providers should have a vision for the perfect world they're working towards.

It might be as simple as asking about their recent development work (they should be able to show you their last six months of updates). All too often, vendors can shift their focus too far from product development to sales. You need to know where they're taking their product

Administrator Experience

We promised you we'd get here.

The user experience is critical. But however comfortable the journey is for the passengers, someone has to actually fly the plane. Chances are, that someone is you.

First things first. How configurable is it? Every one of our clients has had specific requests: labels and tags they want changed, for example. How easy is it to make those changes? Can you do them yourself or do you need the vendor to do it? If they need to do it, what are the commercial considerations? How much is included in the cost and how much will be charged for? Don't end up in a place where you can't make a minor tweak to a field or title because you can't budget for it.

On a more personal level... do you feel like you understand and are comfortable using it? Does it give you the reports and data you need? Are you confident explaining it to your team and to key stakeholders? If you feel as though you need a masters degree in computer science to navigate this thing and explain it to others, alarm bells should be ringing.

Cultural Fit

It's not just the tech: the people are important too. However simple and intuitive the software, you're going to be dealing with this vendor for some time - for the aforementioned advice, suggestions and (probably) help with configuring and making it your own. Do you feel comfortable challenging them and asking them difficult questions? Do you feel as though they understand what you're trying to do and are invested in the success of your project?

Scale is another factor worth considering. It's not just about usability and chemistry: certain solutions work best for certain sizes of organisation. If your 500-person company is being shown case studies where the vendor delivered for a 60,000-strong multinational, you have the right to ask why. We'll explore this in more detail in the next chapter.

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Chapter 4 - Do I want a point solution or a module?

Apologies to those who are well-versed in this debate already. For those that aren't, here's a little background.

Nearly every organisation we speak to has an existing HR Information System (HRIS) in place. And nearly every HRIS has an appraisal or performance management module that can be bolted on for an additional fee. If you're looking to transform your performance management systems, you may be looking at using a bolt-on module rather than buying a "new" piece of software. As you'll see, there are advantages to both options.

Suite Solutions vs Point Solutions

We've picked a side - we're very much a point solution - but, speaking personally, I've worked on the other side of the fence for many years. It's an ongoing debate and we'll try to break it down as impartially as possible.

What is a Suite Solution?

In short, it's software 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 here. There are suite and point solutions for almost any software category.

Benefits:

- **You manage a single contract.**
- **You have a single data source.**
- **You (often) pay a lower price. The cost of several modules from a single provider may well 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. Even in the continuous performance management software category, there are specific areas of focus and competency.

Benefits:

- **You get a solution designed to support a specific purpose, so you should expect it to be more effective and easier to use.**
- **You should expect the vendor to update and refine the product more regularly.**
- **You get thinking and design from specialists rather than generalists, so you should expect a better pedigree of thought.**
- **You get a product which may cost more, but which should show a better ROI thanks to increased uptake and usage.**

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...If we want to set goals, measure progress, and improve performance in our teams, we have to create goals in a more agile way, give people lots of feedback, and coach people to succeed." Josh Bersin, Continuous Performance Management: Innovation Reigns

The Background

It's useful to get an understanding of what the thinking has been in the past and how the landscape is changing.

The all-important question is: what you are looking to achieve from performance management? We're pleased to see increasingly clarity in this right across the HR, Talent and leadership communities: performance management should improve performance. If you want to measure your people, fit them into nine-box grids and so on, that's fine, but then you're not really developing performance.

The legacy problem is adoption. People don't engage with the old way of thinking. Software built to support those old, broken models will carry over all those bad behaviours we've talked about: a poor user experience, clunky interfaces and laborious workstreams.

The Solution

So how does this apply to the suite vs point debate?

Our experience is that good intentions are not enough. Managers and employees often desire more frequent and meaningful communication, but it's easy to derail that. Think of it like any digital experience. Let's say you navigate to a site someone has recommended and find that, before you can even start browsing through the good stuff, you need to register your name, email address, phone number and inside leg measurement. You might choose to jump through the flaming hoops to get there. More likely, you won't.

Performance management modules for suite solutions are nearly always rooted in the old thinking of annual appraisals and data collection. On top of that, they're often buried away within this larger system, which means the user has to click their way through those flaming hoops just to get there. There's also a cognitive barrier: as the user, why am I facilitating performance conversations through the same system I use to log my expenses and book annual leave? Either of these factors can send someone back to their email (probably muttering darkly about HR and their "processes"). Together, they can be a roadblock.

We feel that the tool you give your people should a) require minimal clicks and b) drop them straight into the environment they were expecting. The user journey should be geared towards feedback and dialogue, not datacapture or ratings. A software tool's salespeople may tell you it's a performance management solution, but if it doesn't tick those boxes then it's not solving the real problem.

We see the attraction, though. Bolt-on modules are cheaper. All we'd say is that ROI is every bit as important - if not more so - as cost. Your performance management evolution may come at that lower price point, but if you find that 30% of users are engaging with it after six months, you're getting neither the evolution you wanted nor the data you need.

66 In a survey of 271 companies across seven sectors in North America and EMEA, 95% of buyers looking for an HR solution described "Ease of use" as "important" or "very important". Source: 2019 Industry Trends in HR Technology and Service Delivery, ISG.

The Three Tiers of Performance Management Software

There's another way to split up the market of software solutions out there: size. What works for 500 may not work for 50,000, and vice versa. Let's take a look at the options:

1) Enterprise Software: These providers cater mostly to large and multinational organisations. They're nearly always suite vendors, with performance management being just a 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 portfolio and are robust providers who should be around for some time. Cons are that they are by far the most expensive (contract value can run from the hundreds of thousands well into the millions), 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 of roughly 100-5,000 employees. There has been a significant increase in mid-market HR technology solutions as the digital revolution has trickled down from the enterprise level. 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 are, however, more and more 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 small businesses (less than 100 people) there is an increasing number of reasonably easy to deploy apps. Often, the sales process is geared toward an automated approach - for example, video demos and automatically set-up free trials - as opposed to a more consultative sales approach. The challenges facing small businesses 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 businesses are often looking for hybrid systems that might incorporate some kind of task management or KPI tracking element (something we would strongly advise against, as it comes back to that old measurement over performance debate). Examples of vendors in this space might be Small Improvements or PeopleGoal.

Bear in mind that there's plenty of crossover here, with enterprise-level vendors offering scaled solutions to the mid-market and smaller suppliers making a play for larger customers.

What Does 'Continuous Performance Software' really mean?

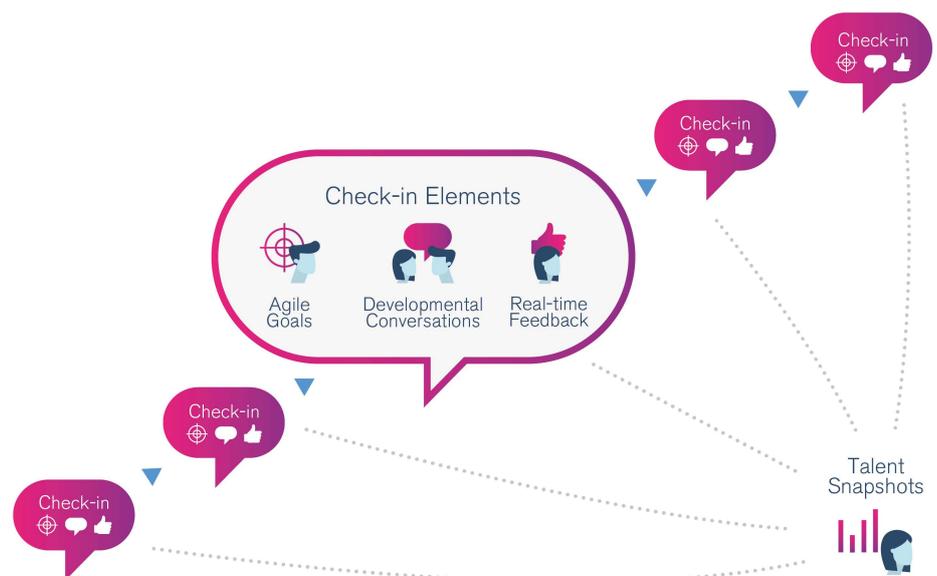
Continuous performance management is here to stay, and we've seen a strong consensus on this over the past couple of years. While major corporations like GE, Adobe and Microsoft get the headlines for their pioneering decisions to ditch annual appraisals, most HR and Talent leaders now realise that this is simply the sensible way to approach performance.

But as the approach has gained traction, plenty of vendors have been quick to adapt their content and messaging to hit the right notes around this. And yet they're still selling the same product. So the question then becomes: what should a modern continuous performance management system look like?

Our view is that it should be built around supporting high-quality performance conversations. The current performance management revolution we are experiencing can be boiled down to this fact: conversation and timely performance feedback are the only things that make a genuine impact.

Bear that in mind as you assess software solutions. Ask yourself (and the vendor): is this system all about unlocking dialogue and feedback? Is it easy to set a 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 need to be able to understand your talent population. You need to be able to see potential talent and identify poor performers, for example. But it should not be the core focus. The user journey towards better performance is the game changer. Get it right and you'll be on your way to an improved performance culture. The alternative is a return to the status quo: disengaged users and poor data.



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Chapter 5 - What to Ask in a Demo

You may love demos or endure them, but they're the most critical interaction you'll have with a vendor. And there's a lot going on. You get to see the software in action, and you should expect a clear and efficient download of info. You should also expect to see a salesperson that's really trying to understand your specific needs, and can tailor what they show you to address those needs. Bad salespeople won't look to establish a fit: they'll just tell you everything is brilliant and play down the negatives. So going into the demo with some heavy artillery is well worth the effort.

It's also worth remembering that it shouldn't just be about a shopping list of functionality versus price. We've talked before about a vendor's roadmap for their tech, and adding good functionality over time isn't particularly difficult. What is difficult is building a simple, thought-through and coherent user experience that really drives engagement.

Questions to Ask

This list isn't designed to look at specific functionality. Everyone will have their own unique mixture of needs and nice-to-haves (and we still maintain that it's more sensible to choose the direction you want to go in than it is to write yourself a big long list of stuff you want). The idea here is to explore the higher-level, critical aspects that you should be aware of before diving into functionality.

- **When and why was your software built and which specific problem does it solve?**
- **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? Ask this via email ahead of time, if they don't already publish it clearly on their website (which they really should).**
- **Where is your company based and how many employees do you have?**
- **How does the system integrate with our HRIS system?**
- **What is configurable by us and which elements do we need you to configure?**
- **Show me how easy it is for a manager and/or employee to access and use the system: for example, how many clicks does it take to set up a check-in? Provide feedback?**

Assessing the Demo/Vendor

I've seen suggestions of detailed scoring mechanisms when comparing demos. Unless you're sourcing a highly complex and configurable system for tens of thousands of users, this is probably overkill. It's usually a lot easier to differentiate between systems and it will come down to a few basic questions.

- **Does the software meet the core needs you had before the demo?**
- **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 could 'drive' the system when shown the back-end? Are you comfortable configuring it or running reports?**
- **Was the sales person knowledgeable? Could they put your question into a wider context and provide rounded thoughtful answers? Did you feel that "cultural fit" we've talked about?**

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Chapter 6 - Where to Look & Pricing:

When to Engage with Software Vendors

You may be in the very early stages of your project. You may not have stakeholder buy-in or a signed-off budget. But there is one clear benefit to getting in touch with vendors early on: seeing a solution in the flesh can move your thinking forward very quickly. Yes, you need to nail down a strategy and do the discovery work we talked about earlier. But don't underestimate the way that a quick demo or conversation can give shape to your thoughts in the early stages.

There's a lot to consider when moving from annual appraisals to continuous performance management. We often meet HR and Talent people who are incredibly stretched for time, and may feel a little daunted by the scope of the project. Down that path, sometimes, lies inertia: how do I kick this off? Where do I find the tools I need to deliver it?

We cover quite a lot of this in one of [our webinars](#), but the general point here is: don't let the perfect be the enemy of the good. Vendors are the front line: they see customers dealing with and moving past these problems every day. At Clear Review, we often conduct demos with customers who specifically tell us that they're in the early stages of the process. Despite that, they often go away really energised and confident that there's a way past the roadblocks. If you're concerned about being hassled by salespeople or setting false expectations, just be transparent. Telling people "I'm happy to talk again but not for three or six months" is perfectly reasonable.

Where to Look

Word of Mouth: The first place you should look for a potential performance management software partner is within your existing networks. People have made this change, and you may already know one. If not, try LinkedIn groups: our experience is that when an HR leader has delivered a project like this, they're always happy to explain how they did it and offer advice.

Google Organic Search: In order to achieve a high ranking on Google, a software provider will need to be creating regular, relevant and quality content. Although a page one-ranked website doesn't necessarily mean they'll be a great partner, at least it's an indication that they consider themselves a key player in the space and have invested time and money in raising their profile.

The Google Ads at the top of the page are probably less important. Although it's unlikely any business would invest money in advertising something they can't do, it's much easier to throw money at ads than it is to build 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](#) and [G2](#). These are search and review sites for software solutions. The user reviews will give you a better sense of what each solution's strengths and weaknesses are. However, it's worth noting that they don't have the same level of rigour as Google organic search, and there can be some smoke and mirrors involved. For example, it's not always clear whether a high ranking has been earned or paid for. And 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.

Follow the Quality Content: If you're researching continuous performance management best practices, pay special attention to the software providers whose 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 that their technology will at least be trying to address these same challenges. It might be worth booking a demo based on that reasoning alone.

Pricing Considerations

It's impossible to tell you exactly what you should be paying - everyone's needs and resources are unique - but there are some considerations you can use to guide your thinking. Once you've seen a few demos and had the proposals through (assuming you can't just get the pricing directly from the vendor's site) you'll quickly get an idea of the budget you'll need.

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.

One way to do this might be through engagement. There is substantial research out there which shows that disengaged employees are both [less productive](#) and [more likely to leave](#) than their engaged counterparts. If you can create a cost for replacing a disengaged employee (on a sliding scale of salary percentage, based on seniority) and show that [strong performance development boosts engagement](#), you're on your way to a real-world number. And it'll be far higher than the cost you'd be looking at for a piece of performance management software.

To look at this in more depth we have a [Performance Management Software Business Case Template](#) which we're happy to share.

What are the different pricing elements?

There are usually three commercial elements to consider: the annual subscription cost; the cost of implementation; and the minimum contract commitment term.

A subscription cost is usually a straightforward equation: *the 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. When it comes to performance management, if people can't simply log in and use it then it's 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). For a Software as a Service vendor a significant amount of the resource commitment is up front. 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?

Keep your end goal in mind at all times. What are you really aiming for here? If you want to drive adoption and get your people having those meaningful performance conversations and sharing feedback, that should inform your assessment of the cost.

It can be tempting to go for a “bang for buck” approach: how much stuff and how many features am I getting? All we’d recommend is that you think back to our earlier points around clarity and usage. A product with fifteen areas of functionality developed over the years is also likely to be a cumbersome, confusing beast that your users just won’t use. In that case, it doesn’t matter how much you save or how much value you think you’re getting. If it won’t do the job you bought it to do, you’ve wasted your money.

Summary

This is a culmination, of sorts, for myself and the team at Clear Review. After a couple of years evangelising the continuous performance management phenomenon, it feels as though we’re well past the tipping point. No one needs to be told that annual appraisals are a misery any more. And almost every potential customer we meet is looking for a way to manage performance in a continuous and human way.

It’s great news for buyers too: it really is a buyer’s market. You can spend as much (and almost as little) as you want. There’s more free content online - in the form of white papers, research, webinars and whatnot - than you could read in a lifetime. So thanks for taking the time to read this one.

But the truth is that, despite all the great thinking that’s been done on the subject and great strides that have been made in software development, you still need to be wary. As we mentioned in Chapter 4, there are plenty of vendors of various sizes claiming to be able to deliver a continuous solution for you. And they’re still selling the same thing they built a decade ago, only now with added bolt-ons. I hope I’ve offered some clarity on how to approach the sales process and the obvious traps to avoid.

But what I hope most of all is that you come away from this with excitement and enthusiasm. Creating this sort of cultural change in your own organisation is a truly amazing thing (we have [a customer](#) whose staff erupted into spontaneous applause when they were told that the annual appraisal was being consigned to the dustbin of history). And when it’s up and running, and you see managers talking to employees on a regular basis and the feedback rolling in, perhaps you’ll feel entitled to spend just a moment patting yourself on the back.

You did that.



Resources

- <https://www.aon.com/2018-global-employee-engagement-trends/index.html>
- <https://www.isg-one.com/articles/2019-industry-trends-in-hr-technology-and-service-delivery>
- <https://www2.deloitte.com/insights/us/en/focus/human-capital-trends/2017/redesigning-performance-management.html>
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- <https://www.hcmtechnologyreport.com/vendors-must-push-corporate-leaders-understand-hr-tech/>
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- https://secrets.thestarrconspiracy.com/hubfs/assets/The_Starr_Conspiracy_Talent_Management_2018-WP.pdf

