A Buyer's Checklist for Finding the Best Performance Management System

If you're looking to make an investment in a performance management system for the first time or just want to switch to a new system, this checklist will help guide you to your final decision. The following buyer's checklist includes all of the important factors and key features to consider when evaluating performance management systems to make sure you find the best fit one for your organization.

1 - The Difference a Proper Performance Management System Makes

The performance review process is daunting for leaders and teams not only because the gaps between them are so large, but also because many teams lack the ongoing data that reveal the pitfalls and growth spurts of every employee. Modern performance management software doesn't just help HR teams administer reviews in an easier manner, but it makes appraisals far more effective for teams in the long run.

Desired outcomes of a performance management solution varies from team to team, but the overall goal in a modern workplace is generally consistent: effectively align goals between employees and company, and proactively track employee performance to continuously improve overall Quality of Hire.

New system implementation is expensive, but what's more costly is keeping an ineffective process.
  ➔ Annual review costs are approximately $120,000 in time spent
  ➔ Companies with engaged teams have 8.6% higher profit margins than those with disengaged teams
  ➔ 9 in 10 managers are dissatisfied with how their companies conduct annual performance reviews

2 - What Problems Will the Right System Solve?

When companies are searching for a solution, they must first clearly define their list of basic and complex problems. Gather a team of leaders or stakeholders to help identify these key performance management issues the company is facing.

Common reasons to invest in a new performance management system:

☐   Improve business outcomes and develop employees

☐   Align company goals and raise performance standards

☐   Retain high-performing talent and improve employee relationships

☐   Increase meaningful work for employees and build team engagement

☐ Identify succession planning and advancement options

☐ Provide quality feedback to employees and bring clarity to goals and objectives

Your Company-Specific Performance Issues and Needs:

Performance Issues:

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Performance Needs:

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To Do: Segment need-to-have and nice-to-have features by department to see what areas need the most work in the company. This ensures each head of the company has what they need to operate their department under one solution. Important metrics to consider when illustrating specific department and company needs in a performance management system:

➔ The current state or actual time spent managing your performance review process
➔ Data showing the positive impact teams experience after implementing a performance management system - review sites such as G2Crowd have this data readily available

Analyst findings or reports around companies with performance management systems in place. Firms like Gartner and Forrester have plenty of research on this topic The modern workforce demands a performance strategy that thrives on continual, constructive feedback with a fine focus on goal and task tracking for supervisors. Traditional performance management systems and processes can't hold a candle to this sophisticated performance success philosophy, which is why updating your systems is so vital. Did you know only 8% of companies believe their performance management process is highly effective in driving business value, while 58% say it's not an effective use of time?

Your Company-Specific Performance System Need and Nice-to-Haves:

Performance System Need-to-Haves:

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Performance System Nice-to-Haves:

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3 - Performance Management System Features That Matter

While there are certainly some traditional aspects in many modern business models, a highly functioning performance management system will help cover both the traditional and unique challenges of a workplace. System functions that cover both bases are as follows:

☐ Basic Functions:

☐ Set team and individual goals

☐ Export performance data

☐ Simply collect appraisal information

☐ Use performance data to inform managers of top performers

☐ Easily deploy performance reviews

☐ Unique Functions:

☐ Align and manage goals

☐ Allow goal and task feedback from managers

☐ Real time progress updates

☐ Visual representation of progress goals and resources

☐ Public recognition functions for engagement

☐ Social collaboration elements

☐ 360 performance reviews

☐ Customizable review workflows

☐ Reporting capabilities

☐ Compensation planning tools or integrations

4 - Deciding Factors to Consider When Investing

Once your team of leaders and stakeholders have clearly outlined performance roadblocks and necessary solution features, it's time to pool in for the final discussion. Evaluate the following areas with your company stakeholders to ensure the systems on the decision table cover accessibility, simple integration, flexibility, affordability, optimal training and support and high functionality.

Ask yourself...

Performance Database:
➔ What is the system hosted on and is the data file fast, reliable and able to grow?
➔ How is data exported and can it integrate into other systems?
➔ What security measures does the system provide to protect employee data?

Software Flexibility
➔ Can I see how to program a review?
➔ Can I create my own response scales?
➔ How does the system notify or remind employees a review cycle is open? Can I customize these notifications?
➔ What does a completed review look like? Can I customize the data?

Integration
➔ What information needs to be shared with our other systems?
➔ Who needs to be able to access performance data?
➔ Will any third-parties need to have access to our performance data?

User Experience
➔ Who will be using the system and how will they use it?
➔ What is the technology experience level of the average user and how does this system accommodate those who aren't as tech-savvy?
➔ How much time can be allocated to onboarding and train for the new system
➔ If our employees have technical issues completing reviews, who will help them - my team or the support team?

Training & Support
- ➜ Do you have the budget, bandwidth and resources to manage training internally or do you need the system to provide ongoing training support?
- ➜ What level of training is required for the various roles within your organization and does the system provide the level of granularity you need?

Functionality
- ➜ Which features do we need to have in the system today?
- ➜ Which nice-to-have features will be need-to-have in the future and can this system provide those?

Implementation
- ➜ How can data be transferred and organized into the new system?
- ➜ What do we need from the IT department to get the new software up and running and maintained?

Cost
- ➜ What pricing model best fits our budget and needs?
- ➜ What factors are rolled into pricing, and what features are not included in the costs proposed to us?
- ➜ What are typical payment terms?

Vendor Comparison
- ➜ How long has the vendor been in business, and how many clients use their software?
- ➜ What industries and size of business does the vendor typically serve?
- ➜ Who guides the development of the software, and are customer suggestions often implemented?
- ➜ What types of customer reviews does the company receive, and how do they act on negative reviews?
- ➜ What awards has the vendor received?
- ➜ How are their technical and customer support functions rated?
- ➜ What does their customer service program look like?

Outlining your key concerns tied to performance management is a big step towards a forward-moving workforce. After your leaders and stakeholders can clearly define problem areas, evaluate what's missing in your management styles, and identify features you can't live without for your performance goals, you're on a clear path to a smart purchasing decision. Do we check all the boxes? Take a demo with ClearCompany to see what full circle performance management systems look like.