



Performance Management Tool Buyer's Guide

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Choosing the Right Performance Management Tool: A Buyer's Guide

Maximize the benefits of a performance management tool by choosing wisely and implementing it well.

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Purpose

Companies are increasingly finding performance management tools indispensable. But what exactly are they—and how do you choose the right one? We answer those questions, along with how to effectively implement a performance management system and maximize the benefits it delivers.

Why invest in a performance management tool? And more specifically, why performance management software and not an HRIS?

A human resources information system ([HRIS](#)) assists with a broad range of HR tasks, from payroll to onboarding. A performance management system, on the other hand, specializes in—as you might guess—performance management.

Because an HRIS is a general tool, it doesn't typically provide a high level of performance management support. Meanwhile, a performance management tool provides a robust set of performance management features that handle more complex talent management tasks. A performance management system's sophisticated suite of software can help manage responsibilities like the following:

- Tracking employee performance
- Analyzing performance data for individuals and teams
- Conducting fair and accurate performance reviews
- Performing insightful 360 reviews
- Sharing feedback with employees
- Gaining input from employees in turn

Alternatively, a company could use different tools that handle the individual functions listed above. However, this approach typically proves unwieldy, delivering a clunky mix of options that don't sync well together. The beauty of great performance management software is that its tools are mutually supportive. However, the performance management tool will automatically pull data on goal achievement to support objective evaluations.

The Need for a Performance Management Tool

Some companies do still attempt to handle their performance management tasks without the help of a performance management platform. However, this creates needless stress, confusion, and wasted time. Today, only 32% of HR business partners believe their performance management practices are strongly benefiting employees. This likely stems from all the inefficiencies in their practices, coupled with a lack of clear data. And 95% of managers feel dissatisfied with their performance management practices. Meanwhile, 56% of employees say they lack feedback on how to improve their performance.

Here's a closer look at the challenges that stem from not having a performance management system:

95% of managers feel dissatisfied with their performance management practices.

- The process of conducting performance reviews is quite time-consuming, requiring a high level of manual input.
- The traditional method of conducting 360 reviews can be expensive and time-consuming.
- Having to constantly remind people about submitting reviews or signing forms is a hassle.
- Without performance management software, you have no easy way to view the history of someone's performance and their growth. In other words, you can't efficiently trace performance. Likewise, you can't examine the quality of managers' reviews or detect potential bias.
- Producing reports with data on performance and engagement proves cumbersome and requires a high level of expertise.

These challenges can be easily surmounted with the right performance management tool. Data-driven performance management can increase productivity by 10–20% by helping employees stay focused and work more efficiently.

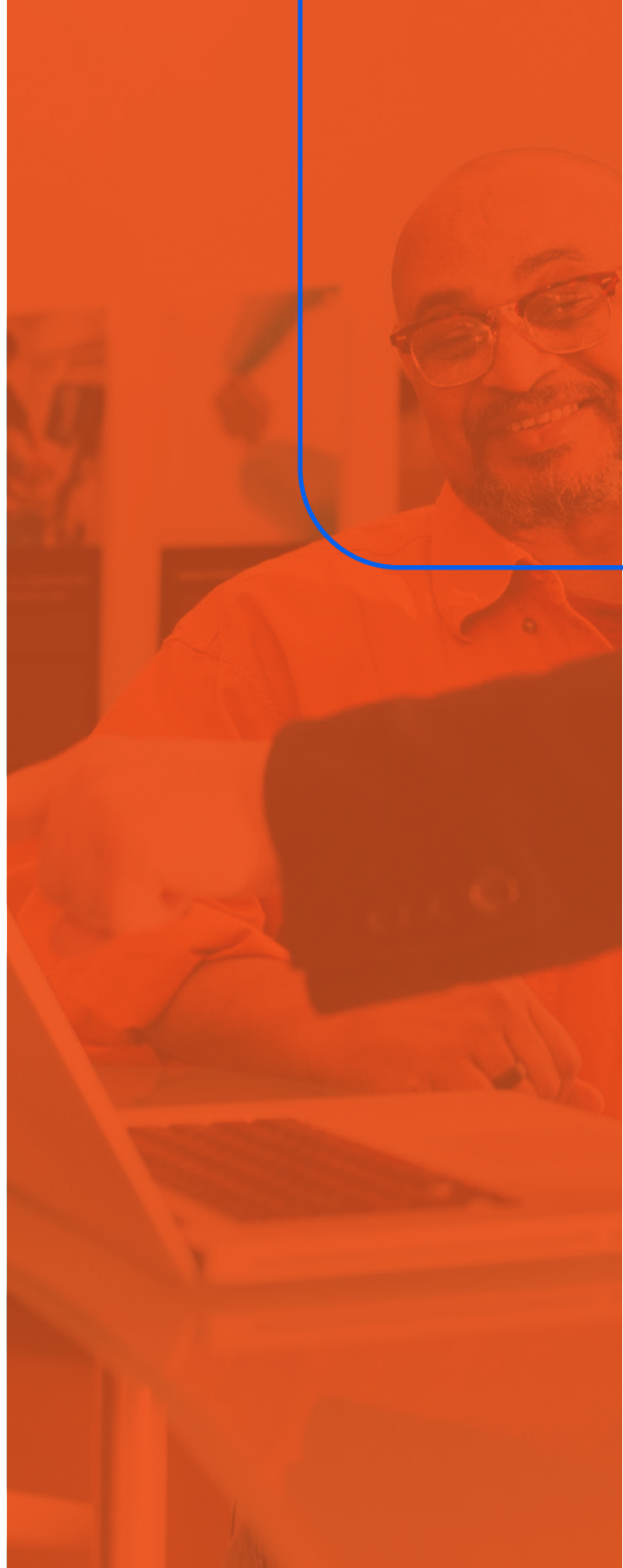
Goals

When searching for a performance management system, what should your key objectives be?

We've filtered the above considerations into a few main goals:

- Finding a tool that will automate elements of your performance management process, streamlining operations.
- Choosing a tool that's simple and intuitive to use, meaning it doesn't have a steep learning curve.
- Identifying a solution with all the basic features, serving as your one-stop performance management software.
- Ensuring you can customize questionnaires and assessment workflows to meet your needs.
- Finding an affordable solution that works for your budget over the foreseeable future.

Aim for a tool that can grow with you rather than something that will become outdated as you scale.





Features

What should you look for in a performance management system in terms of specific features?

Good [performance management](#) software offers core features like these:

- Detailed questionnaires for performance reviews, grounded in employee level and role. The best tools offer briefer questionnaires to structure one-on-ones, too. And they allow you the flexibility to customize your questionnaires.
- Clear visuals that illuminate progress toward goals and objectives at a glance.
- Self-evaluation tools. In both performance evaluations and 360 reviews, these can increase self-awareness.
- Ability to track performance review results over the long term. Good software will illustrate trends between cycles.
- A manager log for recording observations. Clear examples of specific behaviours will complement the data collected by the system.
- Ability to automatically generate reports on desired topics. For instance, reports could highlight trends in engagement or ROI of talent management initiatives.
- One-on-one support when needed. Even with the most intuitive system, it's crucial to be able to talk to a person once in a while.
- Ability to work flawlessly with other HR tools. Look for a performance management platform that can sync with software like an HRIS.

Let's explore some buying considerations that will help you select the right tool suite now.

Choosing Wisely

What should be some deciding buying factors when shopping for a performance management tool?

1.

How many employees you currently have—and how many you aim to have three years from now. Some performance management systems are designed and priced for particular team sizes, like 1–50 or over 1,000. Consider what opportunities you have to grow.

2.

What is your budget for performance management software? Or, how much do you hope to persuade leaders to spend on one?

3.

What specific challenges do you most need a performance management process to help you address? For instance, if team members avoid giving each other feedback, [360 review](#) and [instant feedback](#) software may be especially crucial. If team members need to understand one another's goals better, choose a tool that makes goals transparent.

4.

What HRIS do you use (if any) or plan to use? Consider performance management tools that can sync with it. If data from your current system can be automatically populated into the new one, you'll save a lot of time upfront. Single sign-on capabilities and automatic syncing with an HRIS or other platforms will save time over the longer term.

Considering these factors will help you make a wise decision. Now, let's turn to how to persuade leaders to get on board.

Making the Business Case

How can you build a business case to convince leaders to purchase a performance management tool? Be sure to cover these points when discussing the need with your boss.

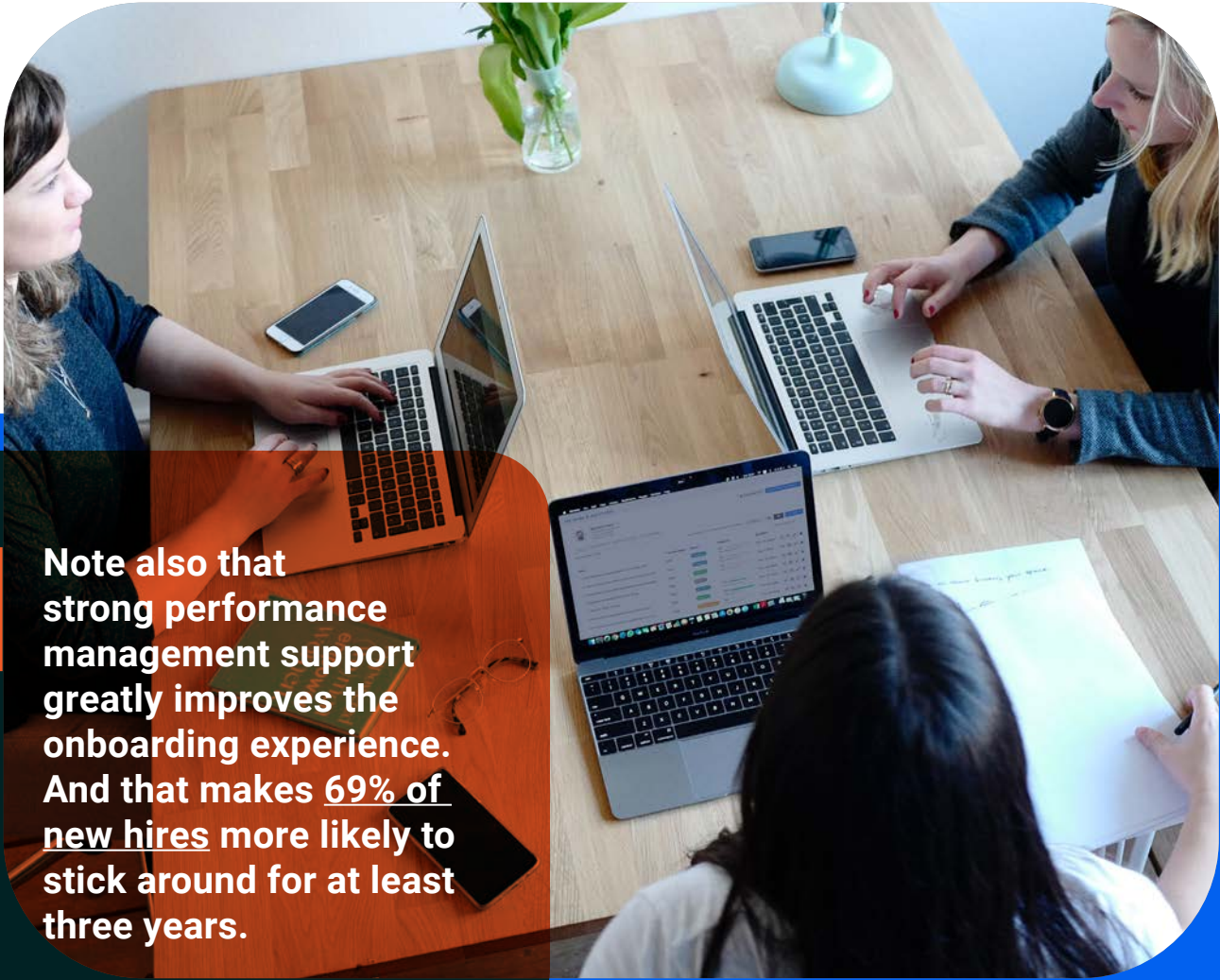
Increases Team Outputs

Teams will achieve more ambitious deliverables with the support of a good performance management system. Emphasize the effects on motivation, engagement, and morale, which translate into greater productivity. According to Gallup, companies with engaged teams see higher [earnings per share](#) and rebound more quickly in tough economic times. This is especially critical with remote and [hybrid teams](#), keeping them dialed into their goals and objectives.

Avoids Needless Costs

Illustrate the high costs of attrition for organizational leaders. Present the real costs incurred over the past year from employee departures (not counting retirements). Then explain how a good performance management platform will help avoid these expenses.





Note also that strong performance management support greatly improves the onboarding experience. And that makes 69% of new hires more likely to stick around for at least three years.

Decreases Time to Productivity

Explain how the tool will boost time to productivity for new hires. After onboarding, many employees struggle to get up to speed. It can help them become productive members of the team much sooner. Outline what this will mean for your bottom line.

Provides Metrics to Inform Decision-Making

A good performance management system delivers metrics to guide organizational decision-making. Leaders can capably plan for succession using this data, for instance. They can determine who the high performers are, then identify skills gaps they must fill before advancing to particular roles. They can also determine if a new role is needed.



Maximizes Effectiveness of Managers and HR

Explain how it will help HR and managers contribute a higher level of service to the organization. First, it will enhance their effectiveness by helping accurately track employee progress. Second, it will allow them to focus on higher-level priorities by simplifying many processes.

For instance, HR won't have to continuously remind people to sign performance evaluation forms. And they'll be able to easily administer satisfaction surveys, allowing them to focus on responding to employee concerns.

Implementation

As you roll out your new performance management tool, how can you seamlessly integrate it into your operations? Let's look at a few different scenarios.



Switching to a New Performance Management Tool

If you're switching from one tool to another, highlight the concerns the new system will resolve. (Ideally, you've debriefed these challenges as an organization before choosing a new tool.) Let people know you've heard their concerns. Then explain exactly how the new performance management system resolves them.

For instance, did the old platform offer no flexibility on performance evaluation and check-in questions? Explain that the new one lets you customize questions.



Investing in Your First Performance Management Tool

If you're investing in your very first performance management tool, spell out what it does. In particular, explain what it will do for them. For employees, outline how it will support their professional growth. For managers, explain how it will enhance their leadership and simplify tasks.

For executives, share how it will support their management of the organization. Making sure each person understands how they'll personally benefit will increase buy-in.



Syncing with Your HRIS

If you already have an HRIS, carry out user provisioning, giving individuals the appropriate level of permissions. The system needs to know whether an individual is a manager, employee, or HR staff member.

Train HR, managers, and employees to start benefiting from your performance management software right away. Give a broad overview of the entire suite of tools. Then do group demonstrations of how to use individual features. Stick to one or two features at a time, so it won't feel overwhelming.

Making the Most of Your Performance Management Tool



Plan an incremental implementation of performance management tool features. You don't need to start using them all overnight—start with just a couple. For example, begin with the 360 review software, which will help employees strengthen their daily work. Then start using another feature, like a performance appraisal or instant feedback tool.

Measure ROI from your performance management system. To do this, look at longer-term changes in profits over two or more quarters. Results will take time to appear, but they can be significant. Consider money saved from avoiding employee attrition as well. The system itself should track these metrics and produce clear reports.

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About Primalogik

At Primalogik, we believe that happiness is key to unlocking your team's full potential. We understand the importance of creating a healthy and happy workplace to optimize employee performance and engagement. Our mission is to help companies create a more positive work culture with our world-class HR software. That's why we keep our solution simple so you can focus on what truly matters – providing a great environment for your workforce.

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