



# Performance Management 2006

*Comprehensive Industry Study: Market Analysis,  
Trends, Best Practices, and Vendor Profiles*

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## About This Report

Performance management is one of the hottest topics on the minds of HR and training managers today. When we asked 553 HR and training managers what their priorities were for 2006, the three areas that topped the list were performance management (67%), leadership development (64%), and succession planning (61%).

This report, developed after nearly a year of research, answers key strategy and implementation questions in this market:

- How do organizations define employee performance management, talent management, and other related areas?
- What are the key business drivers creating this demand? How well does performance management address these drivers?
- Which processes, tools, methodologies, and approaches do organizations use? How effective are these approaches?
- What are the business and demographic trends driving this market?
- What are the key performance management software providers and how do they map against different buyer needs?
- What is the real value of a human capital management (HCM) or talent management suite? How do suite providers compare with focused software providers?
- What are the best practices for implementing an enterprise performance management system? What are the best practices to ensure a successful rollout?
- How do you organize the HR function to implement and manage performance management? How should performance management integrate with other HR functions like leadership development, competency management, and learning?
- How do organizations define talent management and how does performance management fit into the enterprise talent management strategy?

This study is based on extensive primary research into this fast-growing and rapidly changing market. This research included:

- In-depth interviews with more than 50 HR and learning and development (L&D) managers responsible for enterprise performance management and the implementation of performance management systems;
- Detailed briefings with 22 employee performance management software vendors;
- An extensive quantitative survey of 553 HR managers identifying key business drivers, processes, and trends in performance management;
- A quantitative survey of 125 HR managers who have implemented performance management systems, which identifies key issues in the selection, implementation, and rollout of these products.

We hope this study helps HR and L&D managers understand how best to take advantage of the new tools and approaches in this market, as well as how to develop the best performance management solution for their organizations.