

Brainard Strategy

Choosing the Best Talent Management Vendor For You

Whitepaper

By Jennifer Konkin and Michael Brainard
10/11/2011

Choosing the Best Talent Management Vendor *for You*

Talent Management Overview

So, your company has a talent management system in place, but you're not happy with it? Are you finding it costly, cumbersome, or outdated? You are not alone. Although most sizable companies have a talent management system in place nowadays, many are not happy with their particular talent management vendor. Some organization leaders leveraging talent management vendors are ready to re-assess their choice of vendor as the contract approaches closing.

In our experience, the decreased satisfaction in talent management services is largely due to a lack of vendor-organization fit. More specifically, many companies go out and buy the Mercedes of talent management vendors when they would be better off with a Volkswagen. In other cases, we see companies buy the Volkswagen equivalent of talent management systems, when they would really be better off with the Mercedes.

Talent management is a strategic approach to helping individuals reach their productivity potential. It involves attracting, selecting, training, developing, retaining, and promoting employees. According to research done by Bersin & Associates, talent management systems consistently prove to be a profitable tactic of increasing organizational performance. In particular, companies with integrated talent management systems experience lower turnover rates, less downsizing, and have 26% higher revenues per employee than companies without them.

Talent management systems have recently escalated in popularity, as evidenced by a survey conducted by Human Capital Media which concluded 73% of enterprises' senior executives believe the ability to "attract, motivate, and retain top talent" is a top-five priority. This is likely due to the increased awareness around the importance of the talent management solutions, such as: talent planning, talent acquisition, competencies, technologies, tools & measurement, total rewards, performance management, career & succession management, and learning & development.

Best Practices

Whether you are considering purchasing a talent management system for the first time, or you already have one in place, it is beneficial to evaluate your critical success factors. Our model attempts to provide a representation of the six most important selection factors for evaluating different vendors.



How Specific Requirements are Met: This factor represents the increased focus on nuances and small points of differentiation. It's the equivalent of asking each vendor not only "do you meet my needs?" but also "how do you meet my needs?" Asking *how* is important because it allows for an expansion of a yes or no answer and gives each vendor an opportunity to showcase unique distinctions.

User Experience/ Live Demonstration: Only through a live demonstration should you decide whether or not a particular LMS is a true fit for your organization. Going beyond static analysis, a live demonstration enables key decision makers to see and feel the system, take tests and quizzes, setup or edit courses, send a course reminder, manage group settings, and login the system. A live demonstration allows management to find out if they like the LMS and if it's truly easy to use.

Product Integration: Some vendors are exclusive learning management system providers and focus 100% of their resources and abilities on learning. These smaller vendors tout superior flexibility and service. Others offer an extended family of performance and talent management related products for easy integration. These larger vendors have the ability to integrate performance and talent modules seamlessly - boosting the performance, abilities, and efficiency of the overall system. Integration of performance and talent management through third-party vendors can sometimes be a clumsy and debilitating process.

Customer Service: The level of service that a vendor offers to their clients is an important factor in the selection process. Often times, the level of service that one receives during the discovery or sales process can be a reflection of how a company will treat its clients once they sign on the dotted line.

Vendor Company Size and Type: Closely aligned to product focus, the size of each company is an important selection factor. Large companies are well established with many hundreds of implementations, millions of end users, and in some cases over \$100

million in annual revenue. Industry feedback and recognition is available, strengths and weaknesses are apparent, and what you see is truly what you get. Smaller companies are by definition riskier, and often operate under a hidden veil. However, small companies may offer tradeoffs in customer service and specific customizations that trump large companies' offerings.

Price: Typically, price is a primary concern for most organizations. While it is important to learn just how expensive each talent management system will be for both short and long-term needs, it is equally important to balance investment with how well the solution fits the need.



Identifying Business Priorities

Different organizations have different needs. As simple as that sounds, it is a concept that is far too often overlooked in the search for a talent management system.

Searching for the right home has its similarities with the selection of the right talent management vendor. A family of six may have some trouble living comfortably in a two-bedroom apartment; whereas, a single mother is only wasting resources by paying for a four-bedroom house just for herself.

The notion is the same for organizations in search of an appropriate talent management system. According to Bersin & Associate's "Talent Management Systems Customer Satisfaction 2011", most talent management providers only satisfy the needs of a small market of organizations, despite claims of the contrary. This is why it is so essential to determine which vendor suits your company's specific needs.

Although it would be convenient to separate companies into groups with similar needs based on organizational size, this is not always an accurate means of identifying business priorities. Business priorities are more accurately determined by strategy, including talent management strategy and the methods of delivering learning and development content.

Additionally, the degree of internal support and the unique needs of different business units help determine business priorities. It is essential to know your specific business needs before you begin your vendor comparisons.

For example, we found that the employees at one of our enterprise sized clients completed their performance reviews by hand on paper, then walked these reviews to their boss's office for a final signature. Although this company has thousands of employees, they were not ready for a fully integrated enterprise solution with leadership development and where performance reviews become linked with compensation. Perhaps this type of "Mercedes" solution would be right for them in a few years, but their immediate need was to automate their performance review system with a "Volkswagen" solution.

The process of identifying business priorities occurs in five steps:

1. Establish a cross-functional steering team that represents all levels of users, business units, and stakeholders. The role of the steering team is to act as representatives of all stakeholders and users, so it is important to include people who work with the system as administrators, managers, end users, and sr. leaders. Each of these constituent groups may interface with the platform differently, and may have different requirements that need to be considered. Also be sure to include representatives from each division of the organization, as there are often different preferences and operating procedures that need to be taken into consideration for reporting and management issues.
2. Determine the functions that steering committee members feel are critical to the user groups they represent. Critical elements of a talent management platform would be considered show stoppers, or elements that would preclude successful adoption of the platform without reasonable accommodation.
3. Create a wish-list of features offered by talent management vendors and have steering team members individually rank the importance of each feature. Collectively these importance rankings can help prioritize non-critical features.
4. Develop a decision making process for determining which features are represented on the "have to have" list and the "nice to have" list. When budgets are a concern, transparency around fair decision making processes around which features may be excluded, even if they are considered the 'extras' will be helpful in gaining others' support in the end product.
5. Create a request for proposal based on the list of business requirements. Once you have a company-wide list that outlines all the specifications for the system that you want, send an RFP to the vendors. The vendors will tell you if they have a system that supports your requirements and how much it costs. Avoid being tempted into more features than you asked for, that's where the sticker price begins to creep up.

Identifying the importance of each feature before beginning vendor comparisons keeps you focused on what your business truly needs.

Vendor Comparisons

Comparing talent management vendors can be eerily similar to going to a car dealership. Although you arrive at the lot knowing that a used Volkswagen is the most practical option for your needs, a salesman quickly begins to explain why you need an extra 80 horse power, a backup camera, and bigger wheels. It just so happens that the salesman has a Mercedes on the lot that he is willing to sell to you for only \$9,000 more than you were planning to spend on the Volkswagen.

The unprepared buyer may fall for the salesman's spiel and foolishly splurge on the Mercedes, but a buyer who knows his/her specific needs is able to make a smarter decision. Similarly, when you search for the right talent management vendor you will hear many attractive claims. It is easy to become tempted to buy features that you will never use if you don't refer to your established business priorities with discipline.

Once the selection has been narrowed down to one or two vendors, it is time to run vendor simulations, stress tests, and showcases to view the product.

In a simulation, the buyer provides a typical scenario and asks the vendor to show them the best solution they have of working through the scenario. For example, the buyer may decide they want to use the product for a performance management system. The vendor will then show the buyer how their product can satisfy the buyer's specific performance management needs. Simulations are a great way experience a product beyond its "ideal demo".

Stress tests challenge the product's extremes. These tests show how the product will work in the most demanding situations. For instance, the buyer may say to the vendor, "I have a hypothetical emergency. I need to change the performance appraisal form and send the new ones to all 1300 users within 24 hours. How can your platform do this?"

If these tests do not produce one vendor that clearly stands out from the rest, a facilitated, live vendor showcase is an excellent way to finalize the selection process. In a showcase, the buyer provides two vendors with the same scenario. Each vendor has a short, specified time period to show how their platform can deal with the situation. This approach facilitates direct comparisons between products in similar situations.

These tests will allow you to find the best talent management system for your particular business needs and will help you avoid being manipulated into buying a seemingly attractive product that has features you will seldom use.

Conclusion

Vendor-organization fit is essential to your satisfaction with your talent management system. Although many businesses like to think they did a good job identifying business priorities before their talent management search, this is rarely the case. The importance of this step should not be underestimated. A steering team, a concrete process to make a

company-wide list of business priorities, and an RFP are all crucial courses of action for a successful vendor search.

Remember: whether you buy the Mercedes or the Volkswagen, you will be much happier with your decision if you enter the car lot knowing exactly what you are looking for in your new car.

References

- Arth, Barb. "Talent Management Systems Customer Satisfaction 2011." *Bersin & Associates* (December 2010).
- "Best Practices in Talent Management." *Human Capital Media Special Report* (Spring 2009).
- "From Strategy to Solution: Evaluating Your Approach to Employee Performance Management." *SumTotal* (2010). Web.
- O'Leonard, Karen. "2009 Talent Management Factbook." *Bersin & Associates* (May 2009).
- "TOP 10 Talent Management Software Vendors REVEALED." *Business-Software.com* (2011).

Appendix A
Sample Vendor List

The table below presents a list of vendors that we have found particularly interesting.

Enterprise and Mid-sized Solutions	Small Company Solutions
Halogen	Ziiva Prosperity
Taleo	ManagetoWin
Cornerstone OnDemand	
Saba	
Sum Total	
SuccessFactors	
Oracle PeopleSoft	