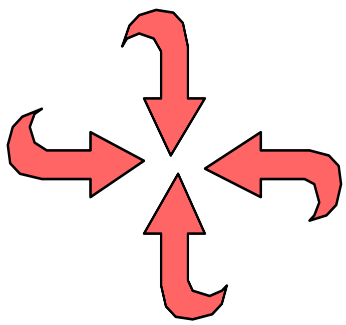
How to Critique and Strengthen Your SLAs



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NOTICE

I invite you to distribute this guide in electronic or printed form to others in your company and to those with whom you're negotiating SLAs. However, you may not distribute it to anyone else outside your company or use it for any commercial purpose without my written permission.

Please feel free to contact me at **naomi@nkarten.com** to request permission. Many thanks.

Introduction

A service level agreement is a powerful tool for helping two parties, typically a provider and customer, communicate effectively, manage each other's expectations, and build a strong, trusting relationship. But if the SLA document is written in a confusing or ambiguous manner, it will create more problems than it solves. To function most effectively, the SLA document must meet content and format criteria.

For more than 12 years, I have provided SLA seminars and consulting services internationally. In evaluating hundreds of SLAs and reading countless others, I've observed is that although some are very well written, many are flawed in ways that reduce the odds that they meet their intended objectives.

Objective of This Guide

My objective is to identify and explain evaluation criteria for your use in assessing and enhancing your SLA documents:

- For SLAs already in operation, this information will help you validate their adequacy and determine if adjustments will strengthen their effectiveness.
- For SLAs currently being developed, this information will help you evaluate and modify your drafts, thereby preventing potential pitfalls later on.
- For SLAs to be developed at some future time, this information will help you plan ahead so as to avoid the flaws that are prevalent in so many SLAs.

How to Use This Guide

The evaluation criteria in this Guide fall into two categories: content criteria and format criteria. These criteria provide a comprehensive list of possibilities to use as a starting point. In reviewing the specific criteria within each category, you may find that some are important in your service environment, others are optional, and some are irrelevant. Furthermore, you may want to add other criteria pertinent to your own service context. The decision about what ought to be in your SLAs is up to you.

My handbook, **How to Establish Service Level Agreements**, includes detailed explanations and numerous examples of the criteria in this Guide as they appear in actual SLAs. For an excerpt from this handbook and purchasing information, see www.nkarten.com/book2.html.

Guidelines for Conducting an SLA Evaluation

To conduct the most effective SLA evaluation, seek feedback from as many others as possible. In gathering this feedback, I advise against simply handing them a copy of the SLA document and asking them to let you know what they think. To ensure high-quality, comprehensive, and useful feedback from reviewers:

- **Select reviewers**. You will obtain the most well-rounded feedback if you gather it from both those involved in establishing the SLA and those familiar with the SLA but not involved in creating it. It is also helpful to have the SLA reviewed by individuals who have no SLA-related responsibilities, but whose very objectivity can lead to valuable observations and suggestions. To the extent feasible, seek feedback from both provider and customer personnel.

- **Explain what you want**. Provide a small number of specific questions or evaluation criteria to guide their evaluation. If you ask for too much, you're likely to get too little in return. Explain what you mean by any of the criteria you ask for feedback on.

- **Request examples**. For any general comments reviewers want to offer, ask for specific examples. For example, rather than saying that the wording in some parts of the SLA are ambiguous, have reviewers give you specific examples that illustrate this point.

- **Provide a time limit**. Many organizations have found that approximately two weeks works best in creating a sense of urgency without imposing excessive pressure.

- **Describe how you'd like to receive the feedback**. Allow for any of several forms, if possible. Possibilities include comments handwritten on the SLA or embedded in an electronic copy, a group discussion, one-on-one meetings in person or by phone, and meetings with functional groups.

Overview of Evaluation Criteria

Table 1 outlines criteria to guide you in performing an SLA evaluation. The pages that follow explain and elaborate on these criteria.

You can, of course, add to these criteria as necessary to support your organization's unique business and service objectives.

	Category	Criteria	Begins on page
I	**Content criteria**	A. Inclusion of key elements	4
		B. Inclusion of key information	9
		C. Avoidance of common errors and omissions	10
II	**Format criteria**	A. Readability	13
		B. Clear organization	16
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Table 1. Evaluation Criteria

I. Content Criteria

A. Inclusion of key elements

At minimum, an SLA must include both service elements and management elements. The absence of one or more of these service or management elements is one of the most common causes of SLA failure. Therefore, the first step in evaluating an SLA is to check for the presence of these elements.

Note: I divide these elements into service and management elements as a convenient way to describe them. However, it is entirely up to you where and in what sequence they appear in your SLA. Ideally, the location and sequence will be the same in all SLA documents in your organization.

SERVICE ELEMENTS describe the context for the SLA, the services provided, the terms and conditions of service delivery, and the responsibilities of each party. Three major categories of service elements include:

1. **Context-setting information** includes:

   - ❑ **Parties to the agreement:** The provider and customer organizations for whom the SLA is established.

   - ❑ **Time period covered:** The time period is pertinent when the SLA will be in operation only until a specified end point or when the SLA must be renegotiated prior to a specified end date in order to remain operational.

     Most SLAs remain in operation until and unless major circumstances warrant their termination; these SLAs therefore don't need to specify a time period. The most common circumstance that results in the termination of an SLA is a major reorganization or other organizational change sufficiently large as to render the SLA obsolete or no longer applicable.

   - ❑ **Purpose of the SLA:** This may include such information as:

     - ✓ the reasons or objectives for establishing the SLA
     - ✓ what the SLA is intended to accomplish
     - ✓ how the parties will benefit from the SLA

- ❑ **Scope of the SLA:** This may include such items as:
  - ✓ the general set of services the SLA addresses
  - ✓ the customers the SLA is supporting
  - ✓ important assumptions or constraints, such as budget or staffing considerations, or services deliberately omitted from the SLA

- ❑ **SLA Managers:** The provider and customer personnel who oversee the creation and management of the SLA, and who serve as the point of contact for SLA-related issues and problems.

- ❑ **Contact information**: Titles of individuals or departments who are the point of contact for problems, questions or concerns regarding the SLA. Specific names and contact information are typically placed in an appendix, rather than the body of the agreement.

- ❑ **Service glossary:** SLAs invariably include ambiguous and easily misinterpreted terminology, such as: availability, acknowledge, respond, resolve, incident, support, problem, turnaround time and incident. The service glossary provides clarity via an alphabetic list of key service terms and the definitions agreed to by provider and customer personnel.

- ❑ **Related documents:** A list of documents referred to in the SLA

- ❑ **A brief summary:** Useful if the SLA is long.

2. **Description of services** focuses on:

- ❑ A concise description of the provider organization and its services

- ❑ A concise description of the customer organization and its business

- ❑ Services covered by the SLA

- ❑ Services not covered if customers might reasonably assume the availability of such services

- ❑ Costs, pricing, terms of payment, and other pertinent financial information

3. **Service standards.** These are known by various names, such as performance metrics, compliance standards and service commitments. Typical categories of service standards include:

   - ✓ Availability, such as hours of personnel availability or percentage of application uptime per month

   - ✓ Responsiveness, such as elapsed time till a problem is acknowledged or and resolved, or elapsed time till requested information appears on the user's screen after submitting a transaction or Web request

   - ✓ Timeliness, such as the delivery of a specified result by a stated date or time

   - ✓ Rate, frequency, or volumes, such as transaction throughput or call volume

   - ✓ Quality, such as number of defects, time spent in rework, or number of call disconnects

   For each service standard category designated for a given service (such as Help Desk responsiveness and availability), the service standard describes the following:

   - ❑ the service targets the provider has committed to meet, such as 99.9% availability or 85% of problems resolved within 3 hours

   - ❑ customer satisfaction targets, if pertinent, such as ratings of 4.5 or higher out of 5 on customer satisfaction surveys

   - ❑ other pertinent conditions of service delivery, such as different levels of service under different conditions

   - ❑ the responsibilities of each party in ensuring that service targets are met

   - ❑ any pertinent priorities

MANAGEMENT ELEMENTS answer the question: How will we oversee the operation of the SLA to ensure that it meets our objectives? The management elements describe how service effectiveness will be tracked, reported and reviewed, how changes to the SLA will be addressed, and how problems will be handled.

1. **Service tracking** describes the tracking that will be done for each service in order to assess whether service targets have been met. Two categories of tracking are important:

   - ❑ Quantitative, objective tracking reflects *what is* — that is, actual service delivery — and typically uses automated tools to carry out the tracking.

   - ❑ Subjective, qualitative tracking reflects *what is perceived* — that is, how customers perceive the service they have received — and typically uses surveys, service-specific assessments, customer interviews, or other types of feedback gathering from customers.

2. **Service reporting** summarizes the types of reports to be generated from the data generated through service tracking or, if desired, describes each report in detail, including:

   - ❑ report frequency (typically monthly)

   - ❑ report schedule, such as by the fifth business day of each month for the month just completed

   This section may also include:

   - ❑ method of distribution, such as via paper, email, or intranet

   - ❑ the level of detail to be reported, such as summary, detailed breakdowns, or exception reporting only

   - ❑ the party responsible for preparing the report (the provider or customer organization)

   - ❑ report recipients, such as designated customer or provider personnel, or intranet access by all interested parties

3. **Periodic review** describes:

   - review frequency. Reviews at least monthly are advisable when the SLA is new, the provider/customer relationship has been characterized by conflict, or service delivery has been erratic or below targets. Otherwise, bimonthly or quarterly reviews may suffice. An in-depth annual review is advisable to reassess the SLA in light of changing business or service needs.

   - review objectives, such as to review service delivery since the last review, to discuss major deviations from service targets, to negotiate proposed changes to the SLA, and to resolve concerns about service delivery

4. **Change process** describes:

   - conditions that may warrant changes to the SLA, such as changing business or service needs, or unanticipated events

   - change frequency, preferably no more often than quarterly

   - change procedures, such as how and to whom requested changes may be submitted and how changes will be evaluated

   - a change log (which often appears in an appendix) for tracking changes to the SLA

5. **Problem management** describes:

   - escalation paths, such as the successive levels of personnel that either party can contact if dissatisfied with the progress of problem resolution.

   - severity levels that dictate the priorities assigned to problem resolution and the time frames and conditions associated with each level

   - steps that will be taken to prevent a recurrence of the problem

B. Inclusion of key information

This criterion complements the previous one, and offers an additional way to review the SLA for completeness. Whereas the previous criterion focuses on the elements in the SLA, this one challenges you to examine the content of your SLA documents and ensure they contain all pertinent information.

Questions to help you assess the content include:

- ❑ **Scope**: Is the scope of the SLA clear? Does it adequately describe what is included — and, if appropriate, what is not included?

- ❑ **Services addressed:** Does the SLA describe all pertinent services? If a phased implementation is preferred, not all services that may ultimately be part of the SLA need to be included at the time of its initial implementation.

- ❑ **Service standards:** Do the service commitments outlined for each service adequately take into account customer concerns?

- ❑ **Business considerations:** Are all important business considerations addressed?

- ❑ **Omissions:** Are any important items missing?

- ❑ **Both parties represented:** Does the SLA adequately represent the views and concerns of both the provider and customer? The agreement should not sound as if one party created it unilaterally to dictate what the other party will be responsible for.

- ❑ **Tone:** Does the tone of the SLA reflect a spirit of cooperation? To the extent feasible, choose words carefully so that the SLA sounds like the joint effort of both parties.

C. Avoidance of Common Errors and Omissions

In SLAs that I review, I often see key details described ambiguously, rendering them subject to differing interpretations. In addition, many SLAs omit certain details which are optional, but which can help to prevent future conflict or confusion.

Here are examples of several such details:

- ❑ **Measurement time frames**

  A common error is the omission of the time frame over which service tracking is being done. The most commonly used time frame is one month, i.e., "99.5% availability as measured over a calendar month."

  In some situations, time frames other than one month may be appropriate. For example, a help desk may wish to track call volume on a weekly or even a daily or hourly basis. But whatever time frame is selected must be clearly stated.

- ❑ **Service exceptions**

  Situations sometimes arise in which, for legitimate reasons, the service provider temporarily cannot meet the promised service target. By treating these deviations as exceptions rather than problems, they can be excluded from calculations done to determine conformance to service standards.

  Examples of circumstances commonly described as service exceptions are:

  - Temporary down-time, such as for upgrades or for routine, regularly scheduled maintenance that is confined to specified time periods.
  - Environmental conditions outside the service provider's control, such as a widespread power failure. However, customers who cannot tolerate the impact of such situations without serious financial consequences might reasonably request a contingency plan for such situations.
  - Customer-caused problems, such as those attributable to customer errors or customer failure to carry out agreed upon responsibilities. Be forewarned, however: determining that a decline in service is due to such circumstances can be highly subjective.

❑ Service level gaps

Some service commitments are stated in terms of a level of responsiveness within a specified period of time, such as the commitment to resolve 85% of reported problems within two days of receipt.

As stated, this wording leaves customers unsure of what they can expect for the remaining 15% — or worse, it may lead them to fear that if a problem is not resolved within two business days, it'll fall into the Black Hole and never receive attention.

Therefore, when specifying such commitments, it is preferable to account for the full 100%. For example, a service standard might commit to resolve:

- 85% of reported problems within two business days of receipt
- 95% of reported problems within four business days of receipt
- 100% of reported problems within five business days of receipt

❑ Service commitments in uncertain circumstances

But what if you can't commit to resolving every single problem, including those that are unusual or complex, within a specified time frame? For such situations, rather than committing to a response level, you can commit to providing status information within specified time periods, such as hourly, daily, or as mutually agreed to when such problems arise.

Thus, the above service standard might look like this:

- We will resolve 85% of reported problems within two business days of receipt
- We will resolve 95% of reported problems within four business days of receipt
- For the remaining 5%, we will give customers a status update once a day or on a frequency we agree to

Notice that terms such as "resolve," "problem," and "receipt" are subject to multiple interpretations. Such terms belong in a service glossary, with definitions that reflect the shared understanding of providers and customers.

- [ ] **Service dependencies**

Successful service delivery typically depends on the support or cooperation of third parties, such as other provider or customer departments and outside vendors and suppliers — entities that are not party to the SLA. In formulating service commitments, it is useful to identify these parties and the role they play.

Service deviations attributable to these third parties don't relieve the provider or customer of meeting agreed upon commitments; however, identifying these third parties helps to educate the other party about the challenges of service delivery.

II. Format criteria

A. Readability

Many of the SLAs I've reviewed are difficult to read because of lengthy paragraphs, narrow margins, or tiny type size. If the document isn't readable, those who must follow its provisions are likely to miss or misunderstand key information. More seriously, the very people responsible for creating the SLA may overlook gaps, inconsistencies, and inaccuracies that will render the SLA flawed from the outset.

Key contributors to readability include the following:

- ❑ **Wide margins**

  This is a basic tenet of readability. White space surrounding the text improves readability. Although narrow margins reduce the document length, the result is a document that is much more difficult to understand. Use margins of at least an inch on all four sides, with appropriate indenting for subsections within a given section.

- ❑ **Reasonable type size**

  As with narrow margins, a small type size results in a shorter document that is proportionally harder to read. This paper is in Times New Roman, using 13-point type.

- ❑ **Reasonable paragraph length**

  The longer a paragraph, the harder it is to read, comprehend and retain, especially when the line length is long. Many of the SLAs I've reviewed have multiple paragraphs of 12 lines or longer, rending these paragraph difficult to read in printed text and even more difficult in web-based text.

  Paragraphs become too long when they incorporate too many points, offer too much detail, or are too wordy. Aim for paragraphs of 8 lines or less. Where long paragraphs are deemed necessary, use wide margins and large type size to maximize readability.

  If feasible, have the SLA reviewed by an editor or technical writer before putting it into operation.

- **Use of section headers**

  Readers absorb key information more readily if it is chunked into logical sections, each with its own header. In addition, the use of section headers enables readers to skim the document and gain a sense of its structure and the flow of topics.

- **Use of bulleted lists**

  Information that can be presented as bulleted items is generally far more readable than the same information presented in narrative format.

- **Use of bold, italics and color**

  These familiar methods of highlighting text are underutilized in SLAs. However, they are excellent ways of highlighting key information and of reducing the odds that readers will miss important points.

- **Use of charts and tables**

  Information presented in a visual format, where feasible, is usually easier to understand and absorb than the same information presented in narrative form. The two charts in Table 2 on the next page are far easier to grasp in this visual format than in a narrative format.

Severity	Definition	Resolution Time
1. Critical	Situation prevents further work, and no workaround is available.	Resolve within 4 hours
2. High	Urgent situation that must be resolved within 24 hours, but customer is able to continue working.	Resolve within 1 business day
3. Low	Working with the problem is inconvenient, but not impossible.	Resolve within 3 business days
4. Routine	Situation is commonplace within the normal course of business.	Resolve within 6 business days

Table 2. Severity Definitions and Resolution Times

B. Clear Organization

This topic concerns how well the information in the SLA is structured. Key considerations concern the presence of a meaningful table of contents, the sequence and flow to topics, and consistency throughout the document.

Occasionally, I see SLAs that include a section at the beginning labeled "How to Read This Document." It might reasonably be argued that a clearly organized document wouldn't need this section. On the other hand, anything that simplifies the document, especially for those not familiar with SLAs, can be considered a plus.

- ❑ **Meaningful table of contents (TOC)**

  A TOC is overkill for a very brief SLA. But for longer SLAs, a TOC helps readers gain an overview of the content and find content of interest.

  A detailed TOC doubles as a comprehensive outline of the SLA. Although the added detail may lengthen the TOC, it helps readers more quickly understand the contents of the document and the location in it of specific information.

- ❑ **Easy to follow sequence and flow of topics**

  A disorganized TOC usually signifies a disorganized document. But even if the TOC is comprehensive and clear, the document itself may be difficult to follow. Some of the problem I've observed with sequence and flow are:

  - Redundancies: certain topics being repeated in different parts of the document

  - Key points buried within other topics, such as assumptions that pertain throughout the document mentioned within a given topic, rather than described before the topics they pertain to

  - Overuse of appendices: This can occur when so many items are placed in an appendix that the reader must continually flip between the body of the document and the appendices to follow the information

- **Consistency**

This criterion pertains to a uniform approach to the overall document and its subordinate sections. It asks the question: Is the format and style consistent within and between sections?

For example, some SLAs describe, for each service, such items as its business purpose, service target, performance metrics, tracking method, reporting process and division of responsibilities. This structure is fine as long as it is followed consistently for each service offering. Deviating from the sequence or inserting other subtopics confuses readers.

One SLA that I reviewed was typical of many I've seen in presenting key information in an inconsistent and highly confusing manner. Specifically, it offered detailed information about the responsibilities of each party. However, the narrative rambled between provider and customer responsibilities, alternating between them in a random fashion and at certain points describing joint provider/customer responsibilities. Exactly who had which responsibilities was difficult to decipher.

This information would have been much easier to follow if it had been organized within highlighted section headers (Provider Responsibilities, Customer Responsibilities, Joint Responsibilities) and if it had listed, via bulleted items, the responsibilities within each.

C. Appropriate Length

An SLA should be only as long as it must be to ensure that it is complete and readable. To keep the document as short as possible, consider the following:

- ❑ **Visually-formatted information.** Use charts and tables to minimize wordiness and to make key information more accessible.

- ❑ **No unintended redundancies.** Review the content to catch any unintended redundancies (at times, deliberate redundancy is appropriate for emphasis).

- ❑ **Minimal procedural detail.** Such information is important, but may be better captured in separate documents.

- ❑ **Use of appendices.** For example, for services that are technically complex, it may suffice to provide a summary service description in the body of the SLA, and provide a more complex explanation in an appendix for those who need this additional detail.

Regardless of the resulting document length, consider creating a one-page summary that describes specific time frames and levels of responsibilities. This summary makes a handy reminder for provider and customer personnel who have responsibilities for meeting the commitments described in the SLA.

Conclusion and Reminder

The criteria in this Guide will help you evaluate your SLAs in a thorough and systematic way. By adding any other criteria that you consider pertinent, you can ensure that your evaluations will suit your specific needs.

For a list of additional resources, see the next page.

Good luck!

Naomi Karten

Related Resources by Naomi

Books and Guides

- **Handbook: *How to Establish Service Level Agreements***: A 160-page handbook that provides detailed information on the elements of an SLA, the process of creating it, and recommendations for avoiding the flaws and failures many organizations experience. Includes numerous examples and two sample SLAs.
- **Guide: *Why SLAs Fail and How to Make Yours Succeed***: A guide that describes key reasons that cause SLAs to fail or fall short, and what to do to avoid these situations and improve the odds of success.
- **Guide: *An SLA Template and How to Use It.***: A guide that describes presents an SLA template and offers guidelines, recommendations and examples for how to turn the template into a completed SLA.
- **Guide: *How to Critique and Strengthen Your SLAs***: A guide that describes and explains evaluation criteria to use in assessing and enhancing your SLA documents.
- **Book: *Communication Gaps and How to Close Them***: A book featuring a chapter entitled “Service Level Agreements: A Powerful Communication Tool”
- **Book**: ***Managing Expectations: Working with People Who Want More, Better, Faster, Sooner, NOW!***: A book which offers guidelines and recommendations for effective communication, information-gathering and service delivery.

For tables of contents, excerpts and an order form, see http://www.nkarten.com/book2.html.

Articles

- Articles on SLAs and related topics: http://www.nkarten.com/indepth.html
- An SLA FAQ page: http://www.nkarten.com/slafaq.html
- My newsletter, **PERCEPTIONS & REALITIES,** which you can view or download at: http://www.nkarten.com/newslet.html.

Training and Consulting Services

- A customized on-site, client-specific seminar on Establishing Service Level Agreements. Description: http://www.nkarten.com/sem2.html
- Consulting at your location or remotely by phone and email to assist you in your SLA effort. For details, contact me at 781-986-8148 or naomi@nkarten.com.
- A review of your draft or operational SLA with detailed feedback and recommendations by email. For details, contact me at 781-986-8148 or naomi@nkarten.com.