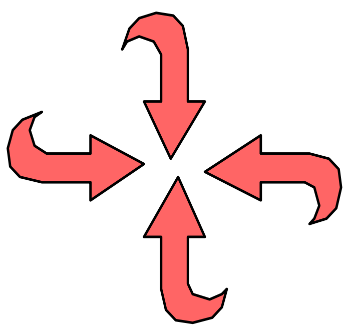
An SLA Template

and

How to Use It



NAOMI KARTEN

+1-781-986-8148
naomi@nkarten.com

www.nkarten.com
www.ServiceLevelAgreements.com

Contents

Tables

NOTICE

INTRODUCTION

Service level agreements help service providers and their customers manage service expectations, improve communication, clarify responsibilities, and ensure a shared approach to assessing service effectiveness. Creating SLAs can be a big job, but one made significantly simpler and more efficient if the parties to the SLA use a template as a starting point.

Since 1984, I have provided consulting and training internationally to help organizations manage customer expectations, improve customer satisfaction, and strengthen the provider/ customer relationship. In performing this work, I have provided SLA seminars and consulting services internationally, reviewed hundreds of SLAs, and helped organizations embark on an SLA effort or recover from an effort that went awry.

My objective in creating this guide is to draw from my experience to provide a template that you can use or adapt in preparing or evaluating your own SLAs. This guide explains each item in the template and its function, and offers guidelines and recommendations for using the template.

Have You Received This Template in Word Format?

Along with this guide, you should have received a copy of the template in Word format so that you can enter your SLA information directly into it.

If you have not received the Word version, please contact me at naomi@nkarten.com and I'll send you a copy.

OBJECTIVES OF THIS GUIDE

A template is often thought of as a fill-in-the-blank document — a way to expedite SLA completion by quickly plugging in some content and declaring it done.

Although that may be the appropriate function of some templates, using an SLA template in this way is counterproductive and self-defeating because creating a successful SLA (the operative word being *successful*) is about having a conversation — or more likely, numerous conversations.

Most service providers rarely communicate with their customers except in the context of a problem or project. An SLA effort is often the first time the parties meet to discuss expectations, priorities, responsibilities, and what each needs from the other. In fact, the long-term success of an SLA hinges on this dialog. Accordingly, if you use an SLA template as a means to complete your SLA quickly, you *will* complete it quickly — and it is likely to fail almost as quickly.

Given that an SLA effort is about having a conversation, you might view this guide as a template for that conversation. The objectives of this guide are to:

- Present and describe a template that will strengthen your understanding of the key components of an SLA
- Prevent critical aspects of the SLA from being overlooked
- Raise questions about pertinent service issues that might otherwise be overlooked
- Help providers and customers deepen their understanding of each other's environments
- Offer guidelines, recommendations and examples to help you succeed with your SLAs

STRUCTURE OF AN SLA

To be effective, an SLA must incorporate two categories of elements:

SERVICE ELEMENTS describe the services to be delivered and the conditions of service delivery.

1. **Context-Setting Information** introduces the agreement.
2. **Description of Services** focuses on the services provided, as well as the services *not* provided if customers might assume the availability of such services.
3. **Service Standards** describe the time frames and conditions of service delivery.

MANAGEMENT ELEMENTS describe how the provider and customer will assess service effectiveness, resolve problems, and make adjustments to the SLA.

1. **Service Tracking** identifies how service delivery will be tracked.
2. **Service Reporting** describes the reports to be used to monitor service delivery.

   Note: Since SLAs describe Service Tracking and Service Reporting in conjunction with Service Standards, they are listed with Service Information in the chart below.
3. **Periodic Review** details the commitment to regularly meet to assess service effectiveness.
4. **Change Process** describes how the SLA will be modified to address changing service needs and priorities.
5. **Problem Management** how the parties will address problems in service delivery.

The resulting template that follows is structured like so:

Service Level Agreement
I. Context-Setting Information
II. Service Information
For each service: A. Description of this service B. Service standards C. Service tracking D. Service reporting
III. Management Information
For the SLA overall: A. Periodic review B. Change process C. Problem management
IV. Attachments

Table 1. Sample SLA Structure

TURNING THE TEMPLATE INTO AN AGREEMENT

The information that follows presents each item in the template along with an explanation of it.

I. Context-Setting Information

Context-Setting Information

- ✓ Cover page
- ✓ Table of contents
- ✓ Summary
- ✓ Parties to the agreement
- ✓ Purpose of the SLA
- ✓ Scope of the SLA
- ✓ Glossary of key terms
- ✓ Related documents
- ✓ Signatures and date

The opening items in the SLA set the stage for an understanding of the agreement. The following context-setting items can be combined or rearranged as you wish.

✓ Cover Page

I recommend that signatures of approving authorities appear on the cover page to confer credibility and communicate the importance of the agreement. The SLA is typically signed by the highest level provider and customer individuals who are sponsoring or backing the effort. In addition, many organizations include signatures of the provider and customer individuals who headed the effort to create the SLA.

✓ Table of Contents

Create a table of contents (TOC) so that readers can quickly locate information of interest. The TOC also provides an overview of the structure and contents of the document. SLAs are most readable when divided into sections, each of which is listed in the TOC.

✓ Summary

If the SLA is long, provide an executive summary as a concise overview of its contents.

✓ Parties to the Agreement

Identify the parties to the SLA and the titles of the individuals or groups responsible for managing the SLA. It is advisable to list specific contact information in an appendix.

In general, locate information in an appendix if it is of an administrative nature or subject to frequent change, so that changes to the body of the SLA can be limited to those driven by significant business or technological factors.

✓ Purpose of the SLA

Use this section to state the objectives of the SLA, what it is intended to accomplish, or how the parties will benefit from it. This section can also be used to set the tone for the SLA by conveying a spirit of cooperation among the parties to the SLA.

Example:

> This Service Level Agreement has been jointly created by [Customer] and [Service Provider] to describe the expectations of our organizations and the conditions we have agreed to regarding service delivery. We view this agreement as a building block that will contribute to a long-term relationship. Accordingly, no changes will be made to this document without the agreement of both organizations.

✓ Scope of the SLA

Include such information as:

- ❒ The general set of services the SLA addresses, such as network management services, HR services, or financial services
- ❒ Key points about the service recipients, such as services are being delivered only to corporate headquarters, specific regions, or customer divisions that have implemented certain enterprise software capabilities
- ❒ Important assumptions or constraints, such as that the number of employees for whom service will be delivered, the anticipated growth in the number of PCs supported, or the hiring freeze that limits the size of the provider staff. For SLAs that span time zones, this section can indicate the time zone indicated by clock times specified.

✓ Glossary of Key Terms

Define important terms whose definition remains constant throughout the SLA, such as company-specific terms, technology terms, and organizational acronyms, as well as potentially ambiguous service terminology such as outage, reliability, timeliness and defects. Some SLAs even include “service level agreements” in the glossary, a helpful approach to educating those who read the SLA but are unfamiliar with its function.

In web-based SLAs, the first appearance of terms defined in the glossary can be formatted as links to the definitions.

Potentially ambiguous terminology with definitions that are service-specific can be defined as part of the sections pertaining to those services.

✓ Related Documents

List any printed or electronic documents that provide supporting information and relevant policies and procedures, and indicate where or how these documents may be obtained. By referring to such documents rather than including them, the length of the SLA can be minimized.

Documents that often appear in this section include:

- Forms and procedures for requesting the services described in the SLA
- Forms and procedures for ordering equipment and material
- Policy documents
- Pricing information
- Documentation standards

Organizations that post their SLAs and other organizational documents on their internal websites can simply create links from the SLA to these related documents.

✓ Signatures and Date

Provide a place on the cover (or other location of your choice) for signatures and date of signing.

Changes made to the SLA after the initial signing do not require the cover page to be signed again. Generally, such changes are made through the Change Process and approval of such changes is documented in a change log, which typically appears in an appendix. Signatures or initials of those approving the changes would be part of this log.

II. Service Information

Service Information

A. Description of services
B. Service standards
   1. Typical categories of service standards
   2. Ingredients of a service standard
C. Service tracking
D. Service reporting

This section describes each service covered by the SLA, along with associated service standards, service tracking and service reporting. Services may be listed in any sequence that is meaningful to the provider and customer..

A. Description of Services

This section serves a double benefit. First, by including it in the SLA, it clarifies services for customers, many of whom have a poor understanding of the nature and scope of service offerings. Second, creating the service description is a valuable exercise for provider personnel who often have conflicting perspectives of their services and how best to communicate those services to customers.

The following items are appropriate to include in this section:

1. **The environment for which services are being provided.** Specify any facts about the customer's business that would help in understanding the SLA, such as the regulatory nature of the banking industry, the consolidation of services in the recent merger, the critical importance of accuracy in financial reporting, or the need for rapid problem resolution.

2. **The services covered by the SLA**, including such information as:

   - **Service description:** Provide a concise list of services, limiting detail to a paragraph or two per service. Additional detail, if necessary, can appear in an appendix.
   - **Benefits:** In explaining how customers can benefit from these services, this item has both educational and marketing value.
   - **Service availability:.** State the standard hours of availability, as well as any periods of extended or reduced availability, such as weekends or holidays.
   - **How to obtain the service:** Identify any forms customers must submit or procedures they must follow to request the service or gain access to it.

- **Prerequisites:** Describe any activities or requirements that must be fulfilled before requesting or using the service, such as authorizations to obtain, forms to fill out, or work to be completed.
- **Contact information:** Identify personnel who can provide assistance.
- **Financial information:** Describe any pertinent cost, billing, payment or other financial information. If such information changes frequently, consider placing it in an appendix. Some organizations prefer to exclude financial information from their SLAs and instead reference related documents where this information can be obtained.
- **References:** List links or references to more detailed documentation of any of the above or other relevant information

3. **Services *not* covered by the SLA**, if customers might reasonably assume the availability of these services. For example:
   - **Organizational changes:** If certain Finance Department services have been moved into a shared services organization, this section of a Finance SLA can clarify which Finance services are not included.
   - **Services not offered:** If customers might reasonably expect certain services to be offered or, in the past, customers have repeatedly requested services which the provider doesn't offer, this section can identify those services and indicate where they may be obtained.
   - **Termination of service offerings:** If certain previously available services are no longer offered, such as due to a reorganization, this section can document those services.

If desired, organize service description items as a chart, such as the following, which might appear in an HR SLA:

Employee Training and Development				
Description: Evaluate and respond to training requests, identify training needs, select and manage vendors, and arrange and coordinate classes				
Benefits: One-stop shopping for corporate training needs				
Excluding: IT training is coordinated and arranged by IT Training, X5842				
Availability	How to obtain	Prerequisites	Contact info	References
8:00-5:00 M-F	Submit HR Form 12-546	See specific courses for pertinent prerequisites	Training manager, X5932	Policies & Procedures Manual, Section V

Table 2. Sample Service Description Chart

B. Service Standards

For each service, document the pertinent service commitments as they relate to timeframes and other conditions of service delivery.

1. Typical Categories of Service Standards

Service standards generally revolve around, but are not limited to the following.

- **Availability:** the dates or time periods during which personnel or services will (or will not) be available. If this information has already been included in the service description, it need not be repeated here.

  Examples:

  - Personnel availability, such as the hours of operation during regular hours and off-hours, or during standard and nonstandard circumstances
  - Application availability, such as the hours customers will be able to access key applications
  - Network availability, such as a commitment to 99.2% up-time based on the total number of available hours per month
  - Service unavailability, such as known or likely circumstances in which services will be unavailable

- **Responsiveness:** time periods within which certain actions or outcomes will occur under different conditions

  Examples:

  - Response time, such as the percentage of calls that will be answered within a specific number of rings or seconds
  - Problem resolution time, such as the average length of time per month that it will take to resolve various categories of reported problems
  - Acknowledgments, such as how long after a request is submitted it will be acknowledged and by what method (phone, email, etc.)
  - Recovery time, such as how long it will take to recover from an outage
  - Delivery time, such as the percentage of orders that will be delivered each month within a specified period of time

- ❒ **Timeliness:** date or time by which certain actions will be taken or outcomes will occur under different conditions

  Examples:

  - On-time delivery, such as the day or time specified services will be delivered provided certain prerequisites have been met
  - On-time availability, such as what day or time specified services will become available under various conditions
  - Guarantees, such as those that that concern on-time completion of specified products under development

- ❒ **Rate or Frequency:** the rate or frequency of specified services, results or outcomes

  Examples:

  - Transaction throughput, such as the average number of transactions per hour that will be processed each month for each of several mission-critical applications
  - Transfer rate, such as the transfer rate of data through the network
  - Status notifications, such as the frequency with which customers will receive status updates, particularly for problems or situations in which the provider is unable to commit to a specific turnaround time due to the uncertainty, complexity, or unusual nature of the problem

- ❒ **Quality:** the occurrence of specific positive or negative outcomes

  Examples:

  - Accuracy, such as a commitment that 98% of invoices generated monthly will be complete and accurate
  - Defects, such as a commitment to limit the number and type of defects to a specified level

2. Ingredients of a Service Standard

In creating service standards, include any of the following items that are pertinent.

a. **Business impact**: Explain/justify the inclusion of this service standard. This item is optional, but many organizations like to include it, especially if the justification relates to critical business objectives, such as the need to quickly detect fraud or the financial consequences of service outages.

b. **Priorities**: Identify aspects of the service that require priority attention and that may justify the relaxation of other service commitments. For example, fiscal year end financial reporting may take priority over certain other financial obligations and justify delayed completion of these other obligations.

c. **Urgency or severity levels**: If appropriate, classify problems into urgency or severity levels. Four or five levels are typical, with levels either numbered or assigned designations such as urgent, high, medium and low.

   For each level, describe the criteria for determining a problem's level (such as the number of customers affected or the impact on customers' ability to carry out their responsibilities), and specify the associated timeframes or levels of responsiveness for each level.

   This information is often presented in a table, such as the following.

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

Table 3. Sample Table of Severity Levels

   In conjunction with the definitions in this table, additional definitions or explanations may be needed, such as for "resolve" and "inconvenient."

   It is difficult to devise severity level definitions so as to provide distinct boundaries between levels and clearly cover all situations, so start simple and make adjustments as needed. The most important consideration is that genuinely urgent problems receive timely attention.

Generally, the provider (often the Help Desk) assigns the urgency level to a given problem based on available or submitted information, while allowing the customer to request escalation to a greater level of urgency. Thus, the SLA might include language such as the following in conjunction with the above chart:

> "Customers who are dissatisfied with the severity level assigned to a problem may contact the Help Desk to negotiate a change in level."

d. Variations in service delivery under different circumstances. List any important variations that allow customers to make choices about the levels of service they receive based on costs and timeframes for delivery.

To illustrate, consider four different circumstances in which response levels might vary. (Note: the time frames used are strictly for illustration purposes):

- ➔ Faster service and greater cost for higher-priority services, such as:
  - ❑ A-level services addressed within one business day for $$$
  - ❑ B-level services addressed within five business days for $$
  - ❑ C-level services addressed as quickly as resources permit for $
- ➔ Greater cost for faster response time for a specified service, such as:
  - ❑ $$$ for delivery of Service A within one business day
  - ❑ $$ for delivery of Service A within three business days
  - ❑ $ for delivery of Service A within five business days
- ➔ Lower cost for slower response time for a specified service, such as:
  - ❑ $$$ for standard, one-day turnaround of Service B
  - ❑ $ if five-day turnaround of Service B is permissible
- ➔ Greater cost for unscheduled service, such as:
  - ❑ $ per unit for Service C processing during normal cycles
  - ❑ $$ per unit if Service C processing is required outside normal cycles

e. Service exceptions: List any known or likely situations in which the provider temporarily cannot deliver service at all or can deliver it only at reduced levels. Such situations may include:

- ✓ temporary downtime, such as for routine, regularly scheduled hardware maintenance
- ✓ conditions outside the provider's control, such as inability to gain access to customer site to make hardware repairs
- ✓ business functions that occur infrequently and that must take priority over other business operations, such as recovery from significant outages

By treating these circumstances as service exceptions, rather than service problems, they can be excluded from the tracking of conformance to service standards.

Example:

Hardware maintenance will be conducted the first Sunday of each month between noon and 16.00 hours. During this period, network access will be unavailable. On-line reminders will be posted during the five business days preceding this scheduled downtime.

f. Service dependencies: List internal and external parties on whom either the provider or customer is dependent in order to meet service commitments. Citing these dependencies highlights the many parties that need to interact and cooperate in order to deliver services. In some cases, SLAs may be needed with these other parties as well.

Example:

Delivery times may be constrained by supplier-driven shortages. In the event supplier shortages prevent us from meeting stated turnaround times, we will provide notification of delays and estimated delivery times.

g. Definitions of service terminology: Explain potentially unfamiliar or ambiguous terms used in the service standard. Terms which providers and customers are likely to define differently, and which therefore require special attention, include:

Problem	Immediate
Urgent	Day/hour/holiday
Respond	As soon as possible
Acknowledge	Deliver
Resolve	Turnaround time

h. Provider and customer responsibilities. State each party's key responsibilities (the things each must do) to ensure that services are delivered at the specified levels. Descriptions of responsibilities typically include such things as:

- ✓ Information, material, etc. that each must supply by specified dates
- ✓ Activities that must be completed by certain dates or in accordance with specified guidelines before designated processes can be carried out
- ✓ Communication or education that each must provide to members of their own organization
- ✓ Steps to ensure the expeditious resolution of service-related problems
- ✓ Responsibilities associated with managing the SLA, such as tracking conformance to a given service standard, participating in quarterly review meetings, and providing notifications of revisions to the SLA

Note:

Some organizations prefer to list all responsibilities associated with a given service in a single section, rather than listing these responsibilities separately for each service standard.

Some organizations prefer to divide responsibilities into those associated with service delivery and those associated with managing the SLA.

C. Service Tracking

Describe the tracking that will be done to assess service delivery and customer satisfaction. Service data is typically tracked over a calendar month, though shorter tracking periods may be appropriate in certain instances.

1. **Tracking of objective measures**

   This tracking reflects *what is* — that is, actual service delivery — by focusing on performance data generated by automated or manual measuring tools.

   Examples:

   - Average amount of time per month to acknowledge service requests
   - Average amount of time per quarter to resolve reported problems
   - Number of instances per month in which exception handling was provided
   - Number and duration of delays per month in turnaround time
   - Number of instances per quarter in which service following an outage was (or was not) restored within specified time frames
   - Percentage of minutes of up-time per month relative to the total number of available minutes
   - Percent of reported problems resolved in a single call
   - Percent of requests addressed within specified time limits
   - Percent of problems that require a customer call back

   To simplify the tracking process, focus on exceptions; that is, situations in which service is *not* delivered at the levels specified in the service standards

2. **Tracking of subjective perceptions**

   This tracking reflects *what is perceived*, which may differ from *what is*, but is at least as important in creating customer satisfaction.

   In tracking subjective indicators, such as cooperation, friendliness, empathy, patience, ease of use and convenience, consider using a mix of feedback-gathering methods, such as:

   - Periodic surveys, which can be used to gather data from a large number of customers at one time
   - Service-specific assessment forms, which invite customers to rate services they have recently received
   - Customer interviews, which provide the opportunity for open-ended, in-depth feedback
   - Evaluations of complaints, which helps in identifying and resolving problems

D. Service Reporting

Provide information about the reports that will be generated from the tracked data and any other relevant data. Details may include:

1. **Reports to be generated:** Often, organizations don't know exactly what reports they will generate until they have implemented the SLA and determine what types of information are of greatest value to the parties to the SLA. But any reports that have been defined beforehand can be listed in this section.
2. **Party responsible for generating each report:** Service data is typically tracked and organized into reports by the service provider, but it may be appropriate for certain reports to be produced by the customer.
3. **Report recipients:** Ideally, reports will be made available to all members of both the provider and customer organization who have some responsibility for the success of the SLA and the services described in it.
4. **Frequency and schedule of reports:** SLA reports are generally produced monthly and published within a specified number of days after month end.
5. **Report medium:** Indicate if reporting will be, for example, via printed report, formal presentation, electronic mail, intranet, etc.
6. **Aspects of the reported information of particular interest:** This item can be used to highlight patterns of service delivery that will be examined, such as variations in availability over time or fluctuations in volumes of orders processed.

If desired, these items can be organized into a table, such as

Service Reporting			
Report	Frequency/Schedule	Generated By	Medium
Daily Application Availability	Monthly, 5 days after month end	Provider	Printed
Help Desk Call Analysis	Monthly, 10 days after month end	Provider	Intranet
Problem Acknowledgment	Monthly, 5 days after month end	Provider and client jointly	Intranet

Table 4. Sample Service Reporting Chart

III. Management Information

Management Information

A. Periodic review
B. Change process
C. Problem resolution

Although service tracking and reporting are management elements, they describe how the service standards will be tracked and reported, and are therefore described in the Service Information section of this template. These remaining management elements pertain to how the overall SLA will be managed so as to serve as a living document:

A. Period Review

Provide a commitment to hold periodic service reviews as a means of assessing and addressing service effectiveness.

1. **Review objectives.** State the objectives of your reviews.

   Example:

   We will conduct quarterly service reviews in order to:

   - Review service delivery since the last review
   - Discuss major deviations from service standards
   - Resolve any conflicts or concerns about service delivery
   - Re-evaluate services in light of changes in business needs and resources
   - Discuss changes planned or in progress to improve service effectiveness
   - Negotiate changes to the SLA and the services described in it

2. **Review frequency.** It is advisable to conduct a formal review:

   - At least monthly when the SLA is new, service delivery is below acceptable levels, the service environment has faced significant change, or the provider/ customer relationship has been strained
   - At least quarterly when service delivery has been stable and at acceptable levels, provided the SLA managers are in frequent contact on a regular basis

   In addition to monthly or quarterly reviews, an annual review is advisable in order to conduct an in-depth assessment of the SLA in light of business or service needs

   Interim reviews can be conducted at any time for matters than cannot or should not wait the next formal review.

B. Change Process

Outline a simple change process that will guide you in making changes to your SLA or the services described in it, including:

1. **Conditions warranting change.** Pertinent conditions include changing business or service needs, significant variations from agreed upon service standards, or unanticipated events.
2. **Change frequency.** To the extent feasible, significant changes should be made no more often than quarterly.
3. **Change procedures.** This section describes the process by which proposed changes will be gathered, negotiated, incorporated into the SLA if deemed appropriate, and communicated to pertinent parties.
4. **Change log.** This is a simple log that includes the date of each change, a brief description of the change, optionally the reason for the change, and initials of those authorizing or approving the change.

C. Problem Resolution

Two key facets of problem resolution in an SLA are:

1. **Escalation paths:** the successive levels of personnel that either party can contact within specified timeframes if dissatisfied with the progress of service delivery or problem resolution.
2. **Problem management:** the steps that providers and/or customers will take to address problems, particularly those that have contributed to significant deviations from agreed upon service standards. These steps might focus, for example, on:
   - identification and resolution of the problem
   - root cause analysis
   - steps to more effectively resolve future occurrences
   - prevention of future occurrences

IV. Appendices

Provide any additional information not in the body of the SLA. Information often included in an SLA appendix includes:

- ✓ **Pricing/cost/budget information:** It is especially appropriate to include pricing data in an appendix if services span countries and regions that use different money systems and different pricing. In such situations, it may take several charts to present all pertinent information.
- ✓ **Additional service details:** If service details beyond a brief description may be of interest to only some personnel, an appendix is the appropriate location for this additional information. In addition, service information of a complex nature, such as algorithms and technical explanations, is best included in an appendix so as not to bog down the body of the agreement with details that most readers may not need.
- ✓ **Product information:** For example, IT SLAs often include detailed tables of supported hardware and software in appendices.
- ✓ **Glossary of service definitions:** Organizations that don't include their glossary early in the SLA generally place it in an appendix.
- ✓ **Contact information:** This is a list of phone numbers, email addresses, and other appropriate contact information for those with SLA and other service-related responsibilities
- ✓ **Change log:** This log, updated with each change to the SLA, records the date of the change, a brief description, optionally the reason for the change, and initials of those who approved or authorized the change.
- ✓ **Holiday list:** This list is important If different service conditions pertain during holiday and non-holiday periods. This list is especially important for SLAs that span geographic boundaries.

POSSIBLE ADDITIONAL SLA SECTIONS

Other sections that some organizations include in their SLAs include:

1. **Targets for service improvement:** This section, which documents improvements that customers or providers would like, facilitates using the SLA as a vehicle for continuous improvement. Listing an improvement in the SLA sets the stage for identifying benefits, evaluating what's involved in achieving the improvement, assessing costs and impact, and clarifying responsibilities for implementing the improvement and managing it.

2. **Consequences of failure to meet service standards:** This information defines "failure to meet" (such as a deviation of a specified amount below the service commitment or a pattern of below-standard service delivery over a specified period of time) and the financial, management or other consequences of such a failure.

3. **Rewards or bonuses:** Some SLAs that describe penalties or consequences for failing to meet service standards also describe rewards or bonuses for service delivery that exceeds those standards.

4. **Renegotiation procedures:** For SLAs that have a specified term (typically one to five years), this section describes the timeframe and process by which renegotiation of the SLA will take place.

5. **Termination of the SLA:** As living documents, most SLAs continue indefinitely until certain specified conditions occur, such as termination of the services addressed in the SLA, termination of the relationship between the parties to the SLA, or a large-scale reorganization that invalidates existing SLAs. If desired, this section can document such conditions.

In addition to these sections, it is appropriate to include any others that will help providers and customers communicate service expectations, build understanding, and clarify responsibilities.

FINAL RECOMMENDATIONS

1. Create the SLA as a collaborative process. Keep in mind that creating a successful SLA requires much more than transforming a template into a document. Among other things, creating an SLA may entail assessing service history, gathering feedback, obtaining information, negotiating service standards, creating tracking and reporting mechanisms, and preparing supporting documentation. The most successful SLAs are those resulting from the collaborative efforts of providers and customers.

2. Keep the SLA simple. Don't get bogged down in identifying every conceivable situation you may face or exceptions that may never occur. Focus on what's most important in service delivery, and start there. If and when the service experience indicates a need for additional conditions or more detail, the change process provides a mechanism for incorporating it. An SLA so complex that managing it is an unwieldy chore and a depressing burden defeats its own purpose.

3. Make the SLA easy to read. Use wide margins. Keep paragraphs short. Divide the text into sections. Where possible, use bullet items, tables and charts instead of text. These and other contributors to readability will make the document easier to create, easier to manage, and easier to read.

4. Create consistency across SLAs. Whether or not you use the template described in this Guide, aim to have all SLAs in your organization follow the same template. Doing so will greatly simplify the job of creating and managing them, and will improve the odds that all SLAs include all pertinent elements.

For a list of additional SLA 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 so many organizations experience. Includes numerous examples and two sample SLAs, along with critiques of each.
- **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.