Articles

on

Service Level Agreements

from

PERCEPTIONS & REALITIES newsletter
(www.nkarten.com/newslet.html)

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SERVICE LEVEL AGREEMENTS

Tool for Managing Expectations

A service level agreement (SLA) is a negotiated agreement designed to create a common understanding about services, priorities and responsibilities. As such, it can be a superb tool to help service providers and their customers better manage their expectations of each other. However, in my work in helping organizations implement SLAs, I frequently encounter misconceptions about what an SLA can realistically accomplish, and what's entailed in creating and managing one.

The starting point
Although an SLA is an excellent expectations-managing mechanism, some people view it as a quick fix to a troubled relationship. However, a properly created SLA can't be established quickly and it cannot magically fix whatever is ailing the relationship.

Whether you're the provider in the relationship or the customer, recognize that an SLA is:

A communications tool. The value of an agreement is not just in the final product; the very process of establishing the SLA helps to open up communications. When managed properly, this process can contribute to a deeper level of communication between the parties than has ever existed. To rush this process in order to meet an arbitrary deadline sabotages the process and quite possibly the entire SLA effort.

A conflict-reduction tool. An SLA helps to avoid or alleviate conflict by providing a shared understanding of needs and priorities. And when conflicts do occur, as they inevitably will, they tend to be resolved more readily and with less gnashing of teeth. Best of all, the time no longer spent in battle can be put to productive use.

A living document. This is one of its most important benefits. The SLA isn't a dead-end document consigned to the Forget Forever file. The parties to the SLA track service delivery by agreed upon methods, and on a predetermined frequency, they review service adequacy and address issues of concern. They also negotiate adjustments that may be needed to the SLA to address changes in needs and priorities.

An objective basis for gauging service effectiveness. The SLA process ensures that the parties work together to identify the criteria they'll use to evaluate service quality. In doing so, they agree about how they are going to agree.

When is an agreement not an agreement?
If it is to succeed in managing expectations, a service level agreement must incorporate two sets of elements: service elements and management elements.

The **service elements** provide clarity about services by communicating such things as the services provided (and perhaps also the services not provided, if customers might otherwise expect these services), the terms and conditions of service delivery, and the responsibilities of each party.

The **management elements** focus on how the parties to the agreement will track, report and review service effectiveness, how they'll address SLA-related disagreements, and how they'll negotiate and incorporate adjustments and additions to the agreement.

Both service and management elements are necessary if an SLA is to be effective; yet in a great many of the SLAs I've reviewed, some or all of the management elements are missing. The result, typically, is that the SLA has not functioned as well as the parties to it had hoped.

Even with attention to both sets of elements, a successful agreement requires much more than simply plugging the elements into an SLA template. The process of planning, establishing, and implementing an agreement is typically a many-month process of information-gathering, analyzing, documenting, presenting, educating, negotiating, and consensus-building — and the process *must* involve both provider and customer personnel. If the SLA is created unilaterally, it's not an agreement!

Start today, done in due time
The assumption that creating an SLA is a start-today, done-tomorrow process is the most common misconception among participants in my SLA seminars. Before initiating an SLA effort, be sure you appreciate the effort involved and have both the time and the know-how to proceed. Creating an SLA, and then managing it, is a big job. To assume otherwise is a mistake.

Additional articles on how to create successful SLAs are on my website at www.nkarten.com/indepth.html). Information on my handbook, *How to Establish Service Level Agreements*, is at www.nkarten.com/book2.html.

SERVICE LEVEL AGREEMENTS

When is an Agreement Not an Agreement?

Service level agreements (SLAs) have proven to be a valuable mechanism for improving communication, managing expectations, and creating trusting relationships between providers and clients. However, if established in the wrong way or for the wrong reasons, SLAs can exacerbate the very problems they are intended to solve. Consider these three examples:

- Company #1: A director felt his clients complained too much. Annoyed by what he described as nonstop grousing, he instructed his staff to "create an SLA to stop the complaints."

- Company #2: A chief information officer directed his staff to produce a service level agreement "to make our clients more cooperative."

- Company #3: A group I visited was developing a service level agreement to improve its partnership with its clients. Partnership? Great idea, but when I inquired about how clients had reacted to the idea of an SLA, I learned not a single client had been invited to participate in its development — or even to provide input.

Creating a common understanding

To talk about an SLA under these circumstances is a contradiction in terms. An SLA is, first and foremost, an *agreement*. Creating an SLA entails discussion, negotiation, compromise and collaboration. Calling something an agreement that captures the views of the provider only — who then foists it upon clients in hopes of stifling complaints or enforcing cooperation — doesn't make it an agreement.

In fact, the truth is just the reverse: A so-called agreement that is actually a unilateral, do-it-our-way-because-we-said-so document is an excellent way to make a bad situation worse. Not only will such an SLA not reverse troublesome client attitudes; if clients are dissatisfied with their service experience, a provider-imposed SLA will increase their dissatisfaction. Simply stated, an SLA cannot succeed if clients view it as something done *to* them, rather than *with* them.

First, strengthen the relationship

So what are the options when a provider views its clients as complaining too much, being uncooperative, or resisting partnership, as in these three companies? In such situations, I'd suggest putting any thought of an SLA on hold, and instead focusing on strengthening the relationship with clients.

How? By taking some small, but visible, steps to gather client feedback, eliminate sources of miscommunication, address grievances, and help clients understand the rationale for decisions they see as arbitrary. Most important, strengthening the relationship entails taking the time to understand — *really* understand — the client perspective. What, exactly, is leading clients to behave in ways that the provider experiences as complaining, uncooperative, or unreasonable?

In my consulting work, I find that most provider personnel rarely talk with their clients except in conjunction with specific products, projects or problems. As a result, their understanding of their clients is limited. These groups may benefit from an SLA, but more beneficial than rushing to produce an SLA is creating more opportunities to talk — and to listen.

An SLA used as a communication tool rather than a weapon can improve service because all parties involved understand what they can reasonably expect of each other. So if you are considering establishing an SLA, think carefully: Are you doing so primarily to whip those pesky clients into line? If so, stop *now* before you invest time and effort in a solution that's certain to backfire.

See my website (**www.nkarten.com**) for information on my customized, in-house SLA workshop and my handbook, **How to Establish Service Level Agreements**.

SERVICE LEVEL AGREEMENTS

The SLA as a Living Document

A service level agreement (SLA) can be a highly effective mechanism for improving communications, managing expectations, and creating win-win relationships between a service provider and its customers. However, an SLA can provide these benefits only if it's a living document. To function as a living document, (1) changes to the terms and conditions of the agreement must be permissible and (2) the agreement must be actively managed.

Changing the SLA

When people have a negative reaction to the very idea of an SLA, the reason is often that they fear being held to service commitments that prove to be unrealistic. The SLA change process serves an important role in the success of the SLA by ensuring both parties that nothing in the agreement is permanently fixed; changes can be made as circumstances warrant and as agreed to by both parties.

Any such intent to permit changes is meaningless, however, unless the SLA describes this intent and outlines, at least in general terms, the process by which changes to it can take place. Changes might be made for any number of reasons. For example, if you add new services or service standards, increase service levels, set new service targets, or adjust the division of responsibilities, the SLA should be modified to reflect these changes.

Key issues in creating a change process include these:

- **Conditions warranting change.** Changes to the SLA should not be made casually or frivolously. Thus, it is advisable to describe the types of conditions most likely to warrant consideration of changes, such as changing business or service needs, significant variations from agreed upon service standards, or unanticipated events.

- **Change frequency**. To ensure stability of the SLA document and to avoid the potential confusion imposed by repeated revisions, changes should be made as infrequently as possible. As a rule of thumb, changes should be incorporated no more often than quarterly.

- **Change procedures.** These procedures need not be overly detailed. It may be sufficient to state how changes can be requested, how requested changes will be addressed, and how the affected individuals and groups will be notified of changes to be enacted.

- **Change log.** This log summarizes changes to the agreement and the date of the change, and is often placed in an appendix. However, some groups prefer to place the change log up front in order to make this change history more visible to readers. Interestingly, some groups use a change log in the draft SLA to record changes made during the iterative process of creating the agreement.

Managing the SLA

Many organizations complete an agreement, declare it operational, and expect it to function without any further attention. However, an SLA that is not managed dies upon implementation. Each party to the SLA must designate one or more individuals to manage the agreement on behalf of their organization. The responsibilities of these SLA managers may include, but are not limited to:

- Serving as a point of contact for problems related to the agreement

- Maintaining ongoing contact with the SLA manager of the other party

- Planning and conducting service reviews

- Coordinating and implementing modifications to service delivery and to the SLA itself

- Conducting customer satisfaction surveys

- Keeping management informed of any concerns regarding conformance to the provisions of the SLA

- Assessing how the two parties can further enhance their working relationship and overseeing relationship-building efforts to help them work together in a supportive and cooperative manner.

- Planning classes designed to foster an improved service attitude, create an enhanced awareness of the elements of high-quality customer service, and provide skills in service delivery

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SERVICE LEVEL AGREEMENTS

Evaluating Your Service Level Agreements

I've reviewed hundreds of draft SLAs. Some have been headachingly bad. Many others have needed only some tweaking, rather than a full-scale re-write. Below are some questions to help you evaluate your own SLA or to request feedback on it from others. Following each question are some explanations and suggestions.

1. Completeness: Are there any critical gaps or omissions in the agreement?

The first step in evaluating an agreement is to check for the presence of the key elements. At minimum, an SLA must include service elements (service description and conditions of service delivery) and management elements (service tracking and reporting, periodic review and change process). The absence of any of these elements is one of the most common causes of SLA failure.

2. Scope: Is the scope of the SLA clear?

The agreement should clearly articulate the services it covers — and perhaps also the services it doesn't cover if either party might otherwise assume such services *are* covered. Some SLAs initially cover only a subset of services, with others to be added later on. For such phased implementations, describe the starting scope in the initial SLA, and then amend the scope and service information as additional services are incorporated.

3. Appearance: Is the agreement readable?

Use the same common sense that applies to any other document: Keep sentences and paragraphs short. Make margins wide enough so the print doesn't fall off the page. Use a large enough type size. I was once asked to review an SLA that looked as if it had been written in one-point type. I explained to the requester that I couldn't read it and I doubted if those he hoped would sign off on it would be able to either. Resist the temptation to squish important information. SLAs that are unreadable aren't read.

4. Length: Is the length of the SLA appropriate?

An SLA should be as long as it needs to be and no longer. To the extent possible, use charts or tables to minimize verbiage and to make key information more accessible. An executive summary may help to convey the essence of the agreement to those who don't need to know all the details. To help those responsible for supporting the terms of the agreement, create a one-page summary of service commitments which can serve as a handy reminder.

5. Language: Is the terminology clear?

Include a glossary to define or explain key terms. These definitions are crucial since terms in the SLA may have meanings different from their non-SLA use. Be careful, though. I've reviewed several SLAs that explained certain terms differently in the body of the agreement than in the glossary. I suggest placing the glossary towards the front of the document rather than at the back, so that readers are more likely to notice it. If you'll be posting your agreement on an intranet, you can link terms that have glossary entries directly to their definitions.

6. Consistency: Is the format and style consistent from section to section?

For example, if the SLA provides several categories of information about a variety of service standards (such as business purpose, service target, performance metrics, reporting process, and division of responsibilities as they pertain to availability, reliability and responsiveness), make sure the format remains consistent throughout. Occasionally, I see SLAs that read as though each member of a Do Your Own Thing Task Force secretly wrote a portion of it and then passed it to the Stapling Committee.

7. Inclusiveness: Does the SLA represent both parties?

An agreement should not sound as if one party created it unilaterally to dictate what the other party will be responsible for. The agreement must articulate the responsibilities of both parties. It's especially important that both parties have a designated SLA manager — someone who will oversee the management of the SLA on behalf of his/her organization — and that the SLA spells out the duties of these SLA managers.

8. Positive tone: Does the tone reflect a spirit of collaboration?

Choose words carefully to communicate that the SLA is a collaborative effort jointly undertaken by both parties. When the SLA is part of a legal contract, this tone of partnership usually takes a backseat to the henceforths, wherefores, and parties of the various parts. To the extent you can, though, give your SLA a sense of we-ness.

See my website (www.nkarten.com) for additional articles on how to create successful SLAs and for information on my 160-page handbook, *How to Establish Service Level Agreements*.

Conducting a Periodic Review

Service providers tend to meet with their customers primarily in the context of a problem or project. As a result, regularly scheduled meetings for the purpose of discussing service delivery tend to occur rarely or not at all. Yet, such meetings are a critical aspect of successful service delivery and an effective long-term relationship.

To formalize this review process and ensure that service effectiveness is regularly and systematically assessed, service level agreements incorporate explicit provisions for regularly scheduled periodic reviews. These reviews are usually conducted by the SLA Managers of the two parties.

Objectives of a periodic review

The Periodic Review segment of a service level agreement summarizes the objectives of the review. Typical objectives are:

- To review service delivery since the last review

- To discuss major deviations from agreed upon service targets

- To resolve any conflicts or concerns about service delivery

- To re-evaluate services in light of current business needs

- To discuss upcoming changes to improve service effectiveness

- To negotiate changes to service levels, service tracking, reporting, or other matters deemed pertinent

Methods of conducting a periodic review

Service providers and their customers should use whatever combination of methods will allow them to meet regularly. Methods include the following:

- **Face-to-face.** When the parties to the SLA are in close proximity or travel is feasible, it is preferable to conduct reviews face-to-face, especially when the SLA is new or service delivery has fallen short. Personal contact facilitates communication that might be awkward or absent otherwise.

- **Telephone conference.** When service delivery has been stable or when the parties are located far apart, phone conferences may be a more practical alternative to face-to-face meetings. However, phone meetings can become awkward when numerous individuals attend and people don't recognize each others' voices.

- **Video conference.** Video conference meetings are more expensive than telephone conference calls, but offer the advantage of visual contact, particularly for parties located remotely from each other.

Email is a poor choice for service reviews. The importance of the review warrants getting together face-to-face or at least voice-to-voice. However, on-line access to service reports, such as via a corporate intranet, can facilitate discussions about service data during telephone or video-based reviews.

Periodic review frequency

Important issues invariably surface during periodic reviews, and pave the way for problem prevention and service planning. Therefore, I suggest you specify the frequency of the review meetings in the SLA. Otherwise, you'll find yourself deferring the meetings till you've completed everything on your to-do list or 2036 — whichever comes first. The result will be that meetings may not be held even when circumstances warrant.

Consider holding periodic reviews:

- **Monthly** when the services are new, service delivery is below specified targets, or the service environment is undergoing significant change. Some organizations hold monthly reviews throughout their relationship; the SLA managers find that important issues always arise that might not otherwise get timely or focused attention.

- **Quarterly** when service has been stable or when the SLA managers are in frequent contact on a routine basis.

- **Annually** in order to conduct an in-depth assessment of the SLA in light of changing business or service needs.

- **On an interim basis** for critical service problems that cannot or should not await the next formal review. The periodic review can then be used to review the problem resolution and ensure steps have been taken to avoid a recurrence.

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SERVICE LEVEL AGREEMENTS

When Trust Alone Isn't Sufficient

Aservice level agreement (SLA) is a highly effective tool for improving communication between service providers and customers, helping them to more effectively manage expectations, clarify responsibilities, and minimize conflict. Yet, not everyone buys into the value of an SLA. For example, although several members of a group I was working with were in favor of creating SLAs, one fellow lambasted the idea. This was not your average everyday lambasting; he profusely disliked SLAs, and loudly insisted that if people trusted each other, they didn't need a formal agreement. Trust alone would suffice, he insisted.

Now, I don't know what triggered this reaction. Perhaps he'd had a negative experience with SLAs that left him skeptical about their merits; many people have had such experiences. Or maybe he feared that his group would be locked into meeting unachievable service levels, something that needn't happen if SLA are established as living documents.

In any case, he was wrong. In an ideal world, trust really would suffice. However, in *this* world, relying on trust alone is foolhardy. Even when people make service commitments with the best of intentions, they may not remember precisely what they agreed to. And in the absence of an SLA, providers and customers often discover — usually at the most inopportune time — that they have different interpretations of what they agreed to.

What makes SLAs valuable?

Service level agreements are valuable for the simple reason that we're human. SLAs can help you clarify the terms and conditions of service delivery and keep service targets in clear view. They guide the monitoring and evaluation of service effectiveness. They provide an avenue for making service changes when such changes are warranted. By providing these benefits, SLAs help to create trust if it was previously lacking and to strengthen it if it already existed.

An SLA stands the best chance of succeeding if the parties to it view it as:

- **An expectations-managing mechanism.** An SLA helps each party better understand the other's expectations about service delivery. In doing so, an agreement helps the parties achieve shared expectations.

- **A conflict-reduction tool**. The communication process involved in establishing an agreement helps the provider and customer better understand each other's context. As a result, misunderstandings occur less often and are more readily and amicably resolved.

- **A living document.** The parties manage their agreement — and their relationship — by monitoring service delivery, holding periodic reviews, and negotiating changes as deemed necessary.

- **An objective process for gauging service effectiveness.** In creating an SLA, the provider and customer agree on the service indicators they'll track and examine to gauge service adequacy. These indicators provide a context for open and cooperative discussion about service effectiveness.

If you'd like your SLA to succeed

Unfortunately, not all SLAs are successful. Some fail to function as hoped. Others never even get completed because the parties to it run into problems while attempting to create it. Clearly, the process of creating and managing an SLA is not without pitfalls. During more than a decade of providing SLA training and consulting, I've identified six key contributors to SLA success:

1. Use the SLA as a win-win tool, not as a weapon. You can't build agreement by clobbering the other party.

2. Don't arbitrarily rush SLA development. It's a big job. You will fail if you view your SLA effort as a start-today, done-tomorrow project.

3. Create the SLA collaboratively, not unilaterally. If it's not an agreement, don't call it an agreement.

4. Include all key elements. Most SLAs I've reviewed for clients do a moderately good job of capturing the service elements. Many, however, omit one or more of the management elements necessary to ensure success.

5. Learn how to create an SLA. Attempting to establish an SLA without understanding potential traps and trouble spots creates more problems than it solves.

6. Manage the implemented SLA. An SLA that is not managed dies upon implementation.

See my website (www.nkarten.com) for more articles on how to create successful SLAs and for information on my on-site SLA workshop and my 160-page handbook, *How to Establish Service Level Agreements*.

MANAGING CHANGE

Communicating During Times of Change

Managers who are responsible for implementing change often expect those affected by the change to instantaneously accept and support it. In fact, the attitude some managers convey is: "You learned about it yesterday — get used to it already!" Yet adjustment to change takes time — and always will. Coping with the turmoil and uncertainty that change engenders and journeying to a new sense of stability are not overnight processes.

People generally go through an adjustment period with all types of change, whether it's an announcement of a layoff, an unanticipated promotion, an upgrade people have craved (or dreaded), an abrupt shift in priorities, or yet another reorganization (to name just a few). Whether people experience the change as positive or negative, their initial reaction may include confusion, forgetfulness, withdrawal, and a variety of emotions, such as anger, frustration or excitement. As they adjust to the New Way, they may experience a dip in performance and an increase in errors. This unsettled and perhaps unsettling transition period is familiar to people who have excelled at a sport or hobby, and who then endure a temporary period of awkwardness and incompetence as they strive to attain the next level.

The duration of this adjustment period varies from one person to another and one situation to another; however, if you are in charge of implementing the change, the way you communicate can shorten that adjustment period — or prolong it. To expedite the adjustment process, consider explicitly explaining to those affected that you know they need time to adjust. Point out that adapting to something that's new and unexpected can be difficult. Show respect for the reality of what they are experiencing.

The lesson: *If you accept the fact that implementing change takes time, you will save time in implementing change*.

Shut up and adjust, already!

An example of how *not* to communicate during times of change occurred in the context of a service level agreement (SLA) implementation. After extensive negotiation, service provider and customer personnel completed an SLA that both parties

were satisfied with. But the service provider manager then made a huge mistake: He told his staff — the people who would have to deliver service that met the terms of the agreement — "It's done, so live with it!"

Most of his staff were unfamiliar with SLAs and knew nothing about how the agreement would affect their service strategies. Fearing the worst, they were thrown into chaos by this sudden announcement. Morale plunged, taking productivity with it.

The manager didn't appreciate that everyone who would be accountable for the success of the agreement needed time to grasp what was in it and to understand how it would affect their workload, their responsibilities, and their relationships. They needed help in understanding what they would now have to do differently. They needed to know how they'd benefit by the agreement. They needed information, education, and the feeling that someone understood what they were going through.

The organizations that are most effective at easing people through the chaos associated with SLA-triggered change recognize the importance of two important communication practices. First, they communicate the terms of the agreement to affected personnel, explaining how these terms came to be, and inviting employees to voice their concerns and questions. Second, before making the agreement operational, they seek feedback from those who will be responsible for its success.

This process of two-way communication — presenting information *to* affected personnel and soliciting information *from* them — helps people adjust to change. It's an especially valuable approach when the change involves a new technology, methodology, tool or process.

This article is adapted from the section on communicating during times of change from my book, **Communication Gaps and How to Close Them**. For the table of contents, an excerpt on change, and an interview about the book, see http://www.nkarten.com/book2.html.

SERVICE LEVEL AGREEMENTS

Managing Your SLAs

Service level agreements are often referred to as living documents. This description seems fitting for a process designed to help providers and customers manage expectations, improve communication, and build a strong relationship.

Too often, though, "living document" is simply a catch phrase used to sell the SLA concept to those who are unfamiliar with it. Even the most successfully created SLA is not a living document if it's not managed. If an SLA is to truly be a living document, it *must* be managed.

Living document, defined

Some of the most important tasks involved in managing an SLA are the following:

1. **Tracking key performance indicators.** Service tracking focuses on the collection and analysis of service data in order to assess conformance to agreed upon service standards. To be effective, service tracking must incorporate two kinds of measures:

    ※ **Objective, quantitative measures**, which reflect actual service delivery, as it concerns availability, response time, problem acknowledgment, turn-around time, throughput, and the like.

    ※ **Subjective, qualitative measures**, which reflect how customers perceive they've been treated, in terms of such attributes as cooperation, attitude, patience and competence. When objective measures indicate service delivery is on target, yet customers are unhappy, the reasons usually revolve around their perception of the service experience.

2. **Conducting regularly scheduled service reviews.** These reviews require both provider and customer participation and are best conducted as face-to-face meetings if possible, or else, as video or telephone conferences. Email is not an appropriate communication mode for periodic reviews. I recommend conducting a formal service review:

    ※ **Monthly** when the SLA is new, service delivery has fallen below agreed upon service targets, or the service environment has undergone major change

    ※ **Quarterly** when service delivery has been stable for at least three months, the relationship between the provider and customer has been smooth, and the provider and customer are in regular contact

    ※ **Annually** in addition to monthly or quarterly reviews, to conduct an in-depth assessment in light of current business and service needs

3. **Negotiating changes**. Providers sometimes resist creating SLAs because they fear they will be held to terms they may become unable to meet. Customers sometimes resist creating SLAs because they fear being held to service levels that cease to meet their needs. But SLAs accommodate these concerns by permitting changes, ideally no more often than quarterly, as mutually agreed to by the provider and customer. The kinds of conditions that may warrant a consideration of changes include:

    ※ changing business, technology, service or external factors
    ※ significant variations from agreed upon service standards
    ※ unanticipated events with significant impact on service delivery

4. **Maintaining an ongoing dialogue about service effectiveness**. A well-designed SLA effort facilitates a dialogue between provider and customer personnel both as the SLA is being created and once it's in operation. If created appropriately, the SLA process enables and encourages the provider and customer to collaboratively resolve problems and improve service effectiveness. And that makes the SLA a living document.

My handbook, **How to Establish Service Level Agreements**, and my SLA guides, are in use worldwide. For information on these resources and my SLA training and consulting services, see http://www.nkarten.com.

COMMUNICATIONS

When is a Response Not a Response?

Since I recognize the words you use, I obviously understand you. And my nouns and verbs and dangling participles are all familiar to you, so you must understand me.

Well . . . maybe not. Actually, one of the biggest mistakes we make in working together is assuming we understand each other. But although we may be speaking the same language, we often mean different things by the words we use.

For this reason, when clients ask me to critique their service level agreements and service guides, one of the first things I look for is explanations of service terminology. Consider for example the ambiguity inherent in such terms as respond, acknowledge, problem, and resolve. It's not a stretch to imagine how providers and customers might interpret these terms in contradictory ways.

Let's say, for example, that you're a provider who has agreed to respond to a customer's problem within four hours. Does "respond" mean that you'll have the problem solved within four hours? Or does it simply mean that you will have confirmed receipt of the problem description? Not surprisingly, in the absence of established definitions, customers might reasonably assume that a four-hour response time means that the problem will be resolved in four hours and they'll be back in business.

That, in fact, was exactly the case with one customer I visited. But it turned out (as the customer learned, to his dismay, when a problem arose), the vendor's intention for this four-hour period was to acknowledge receipt of the reported problem and establish a timeline for resolving it. Given the complexity of the problems their customers often faced, the provider was understandably averse to guaranteeing a solution time frame.

But that's not all the ambiguity in this situation, because this four-hour response commitment is ambiguous in several other ways as well.

Ambiguity amplified

For example, what determines the start of the four-hour countdown? How must the customer report the problem to start the clock running? Which customers are authorized to submit problems? And does the starting point slide if the information the customer submits is confusing or incomplete?

Alas, these questions lead to even more. What, for example, is the definition of "problem"? From whose perspective must it be seen as a problem? Is the same response time available to a customer whose mission critical work is abruptly halted due to a product malfunction — and a customer who is puzzled about a particular product feature? After all, both customers experience their situation as a problem.

Furthermore, even if "respond within four hours" actually meant "resolve within four hours," what in the world does resolve mean? Does it mean restoring service to its previous functionality by any means? What about solutions that can be implemented within four hours, but only at exorbitant expense? Must the resolution be a permanent fix? Do workarounds count? What about temporary fixes that will keep the problem in check until the next release?

By the way, who determines that the problem has indeed been resolved? The provider? The customer? Both? By what means is it determined that the solution is satisfactory? And who is authorized to declare the problem closed?

Of or pertaining to

Clearly, these questions are not about mere dictionary definitions, but about how providers and customers intend to interact, communicate, and work together. As a result, almost every word in a service commitment bears examination for potential differences in interpretation, because clashing views about service delivery can often be traced to ambiguities such as these.

Actually, the dialog about the meanings of such service terminology is one of the most important facets of the communication between providers and customers. In fact, I've found that this dialog invariably leads to a wide-ranging discussion of how each party perceives service delivery. The result, when they've reached agreement, is a shared vocabulary that minimizes misunderstandings.

If you already have SLAs or other service commitments in use, I challenge you to review them and satisfy yourself that they adequately explain potentially ambiguous service terms. And if you're currently creating SLAs, beware of possible ambiguities and take care in explaining such terminology. Otherwise, gulp-inducing surprises are likely sooner or later. And that's the case, no matter how you define "sooner" and "later"!

SERVICE TRACKING

Objective and Subjective Tracking

In helping organizations create service level agreements, I often encounter a misconception about service tracking: Some providers mistakenly believe that by tracking such service metrics as up-time, accuracy and turnaround time, they'll know how satisfied their customers are. But excellent service as reflected by these metrics may not translate into customer satisfaction if customers experience their providers as rude, impatient or arrogant. Conversely, customers who view their providers as friendly, enthusiastic, and attentive often declare themselves satisfied even if service has slipped below the commitments set forth in the SLA. Clearly, a well-designed tracking program requires the tracking of both objective indicators and subjective perceptions.

Note the difference between the two: Objective tracking reflects *what is* — that is, actual service delivery — by focusing on performance data generated by automated or manual measuring tools. By contrast, subjective tracking reflects *what is perceived* — that is, customer perceptions as they relate to service personnel attributes such as empathy, patience and courtesy, and product attributes such as ease of use, convenience, and accessibility. These perceptions often do more to influence customer satisfaction than what the measuring devices report.

Tracking of subjective indicators

In doing subjective tracking, I recommend using a mix of feedback-gathering methods, such as:

- Periodic customer surveys, which can be used to gather data from a large number of customers at one time

- Service-specific assessments, which invite customers to rate service they've recently received

- Customer interviews, which allow for in-depth, open-ended feedback

- Evaluation of complaints, in order to identify, classify and resolve problems

Of these methods, I favor in-person interviews. In conducting service assessments for clients, I generally gain extensive, high-quality information about customer perceptions in as few as eight to ten interviews — although I may conduct additional interviews to ensure that I haven't missed any critical perspectives and to give additional customers a chance to have their say.

Tracking of objective indicators

Of course, subjective tracking alone is insufficient. For example, if problem resolution time has steadily improved, but customers insist it's just as slow as six months ago, objective tracking can demonstrate the flaw in their perceptions.

In analyzing the data generated by objective tracking, I recommend reviewing patterns of service delivery over time, so as to identify looming problems, unusual variations, or circumstances warranting a closer look. For example, by examining several months of data, you can:

- Determine whether a service slippage in a given month is an aberration or a persistent problem

- Analyze variations in average monthly response time so as to improve overall response time and strive towards consistency

- Detect seasonal, time-specific, or event-specific variations in volume so as to better anticipate peak periods and plan accordingly

Taken together, the tracking of objective indicators and subjective perceptions provide a comprehensive picture of service effectiveness.

And for more on this subject . . .

If you'd like me to review your draft or operational SLAs and provide detailed feedback and recommendations, contact me and let's discuss the options.

For additional articles on SLAs: **www.nkarten.com/indepth.html**

For an SLA FAQ page: **www.nkarten.com/slafaq.html**

And for information on my eBooks:

1. Handbook: **How to Establish Service Level Agreements**
2. Guide: **Why SLAs Fail and How to Make Yours Succeed**
3. Guide: **How to Critique and Strengthen Your SLAs**
4. Guide: **An SLA Template and How to Use It**

www.nkarten.com/book2.html

Good luck! ☺

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