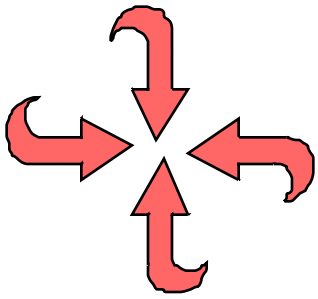
Excerpt from

How To Establish Service Level Agreements



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FRAMEWORK OF THIS BOOK

This book is divided into 8 key chapters. Here is a view of the structure by chapter:

#	TITLE	FOCUS
1	SLA: Role and Key Features	An overview of what an SLA is, its benefits, the parties to an SLA, and related information
2	The SLA Document and Process at a Glance	Overview of the SLA document and the process of establishing an SLA
3	Evaluation of a Sample Agreement	An SLA that develops skill in evaluating an SLA, highlights common flaws in SLA documents, and sets the stage for the information in Chapters 4 and 5 on the elements of an SLA
4 & 5	The Service Elements The Management Elements	Descriptions and examples of three Service Elements and three Management Elements that are key to a successful SLA
6	Evaluation of a Model Agreement	An SLA that illustrates the service and management elements in context
7 & 8	Critical Initial Steps Development Checklist	Guidelines for establishing an SLA, presented in the form of four critical initial steps and six steps that comprise the development process

WHAT A SERVICE LEVEL AGREEMENT IS

A service level agreement is a formal negotiated agreement which helps to identify expectations, clarify responsibilities, and facilitate communication between a service provider and its customers. As such, it is:

✓ A communication tool

A properly established SLA fosters improved communications between the parties. Furthermore, the very process of *establishing* an SLA helps to strengthen communications, so that the two parties come to better understand each others' needs, priorities, and concerns.

✓ An expectations-managing mechanism

Often it is not until it's too late that an organization realizes its expectations are not going to be met. The process of establishing an SLA facilitates the identification and discussion of expectations. As a result, the two parties achieve shared expectations about services and service delivery.

✓ A conflict-reduction tool

In the absence of a shared understanding about needs and priorities, it is easy for conflicts to arise between parties. An SLA, and the communication process involved in establishing it, helps to minimize the number and intensity of conflicts, and to more readily resolve those that do occur.

✓ A living document

The SLA acknowledges that changing circumstances may necessitate modifications to services, expectations, and responsibilities. Accordingly, it provides mechanisms for periodic review and modifications as warranted.

✓ An objective process for gauging service effectiveness

In the absence of an agreement, two parties may disagree about service adequacy. An SLA provides a consistent, ongoing and mutually agreed to basis for assessing and discussing service effectiveness.

WHAT A SERVICE LEVEL AGREEMENT IS *NOT*

An SLA is unlikely to succeed if undertaken as:

✗ A mandate

A service level agreement has reduced probability of succeeding if ordered into existence, as was the case with the customer service director in the case study. When the decision to create an SLA is driven by a major re-structuring (such as a reorganization, downsizing, the consolidation of services, or the transition to a shared services environment), extra care must be taken to involve and seek input from all pertinent parties.

✗ A "get" strategy

Attempting to *get* others to do things your way may make them feel coerced, and is likely to generate resistance and resentment. It is counter-productive to view an SLA as a way to *get* customers to stop complaining or to *get* service providers to deliver better service.

✗ A complaint-stifling mechanism

An SLA that attempts to stifle complaints rather than understand and resolve those complaints can actually trigger an *increase* in complaints. An SLA is not a club; it cannot be used to bludgeon the other party into conforming to some standard.

✗ A unilateral decision-making process

Trust cannot easily be built between two parties if one imposes decisions about how things "will be done." For an SLA to succeed, both parties must have a say in formulating it.

✗ A quick fix

Establishing an agreement is *not* a quick process. Attempting to rush the process undermines the considerable value of that process in helping the parties to understand each other's perspective and build a strong relation-ship.

HOW TO MAKE AN SLA FAIL!

Many factors can account for an SLA never reaching completion or functioning ineffectively. However, the following factors stand out as ones to particularly guard again. These factors are described in detail throughout this book, and are stated here as well for emphasis.

1. **Use of the SLA as a weapon**

   Service providers sometimes want to create an SLA to suppress customer complaints; however, customers will see such an SLA as just one more thing to complain about. Conversely, customers sometimes want to use an SLA as a club with which to bludgeon the service provider whenever service slips, as though each such blow will motivate them to deliver better service. For an SLA to succeed, both parties must view it not as a "gotcha," but a communications tool designed to manage expectations, improve communications, clarify responsibilities and strengthen relationships.

2. **Confusion between the SLA document and the SLA process**

   Establishing an effective SLA requires *much* more than simply filling in the blanks of an SLA template or modifying a sample agreement. The process of communicating and building the foundation for a win-win relationship is essential to the success of the SLA. When this process works, the resulting document is secondary. If this relationship is lacking, even the best-written document will be worthless.

3. **Holding unrealistic expectation about how long it will take to establish**

   The assumption that creating an SLA is a start-today, done-tomorrow process is a very common misconception. It's difficult to develop an SLA quickly because of the workload involved in such tasks as negotiating service standards, establishing tracking mechanisms, designing reports, documenting procedures, and generating buy-in. The process is designed to help the two parties build the foundation for a strong, successful, long-term relationship. To rush this process is to sabotage the entire effort.

(continued)

HOW TO MAKE AN SLA FAIL!
(continued)

4. Omitting the management elements of the agreement

An SLA requires both service elements (the services provided and the conditions of service delivery) and management elements (service tracking and reporting, periodic service reviews, and the process for making changes to the SLA). Both service and management elements are necessary if an SLA is to be effective; yet the management elements are often lacking. The result is not an SLA, but a statement of services that cannot be expected to function as an SLA.

5. Creating the agreement unilaterally

Both parties must be involved in the formulation of an SLA. If one party attempts to control the process, members of the other party may resist its provisions even if they might otherwise support them. Although it may not be feasible for both parties to collaborate on every aspect of the SLA development, the overall process must be one in which both parties have some say. If it's not an agreement, don't call it an agreement!

6. Misunderstanding the development process

Establishing an SLA is a process of information-gathering, analyzing, documenting, educating, negotiating, and consensus-building. If SLA developers lack familiarity with this process, it often hobbles along and sometimes never reaches completion. Numerous managers initiate an SLA development process enthusiastically and with good intentions, but conclude, sometimes after several months of fruitless attempts, that they didn't really know how to go about it.

7. Neglecting to manage the implemented agreement

A common misconception is that once the SLA document is complete, the job is done. Unfortunately, an SLA that is not managed dies upon implementation. Managing the SLA entails such things as ongoing communications about service delivery, reassessing service standards, tracking and reporting key performance indicators, holding periodic service review meetings, and overseeing pertinent service modifications.

THE KEY ELEMENTS OF AN SLA DOCUMENT

To be effective, a service level agreement must contain the following six elements. Other elements may prove helpful, but these six are minimum requirements:

1. Context-setting information	**4.** Service tracking and reporting
2. Description of services	**5.** Periodic review
3. Service standards	**6.** Change process

These six elements are actually subsets of two broad categories:

- **The Service Elements**, which describes the service context and the terms and conditions of service delivery.
- **The Management Elements**, which describe the steps the two parties will take to assess service effectiveness and resolve any problems that may arise.

It would be more precise, therefore, to show the six elements as follows:

Service Elements (Chapter 4)	**Management Elements (Chapter 5)**
1. Context-setting information	**1.** Service tracking and reporting
2. Description of services	**2.** Periodic review
3. Service standards	**3.** Change process

Both the Service Elements and the Management Elements are critical to SLA success. In establishing an SLA, organizations often focus primarily on the Service Elements and overlook the Management Elements. When an SLA does not function as the parties had hoped, the problem is often that it is missing some or all of the Management Elements.

THE FUNCTION OF THE KEY ELEMENTS

1. **Context-Setting Information** includes the purpose and scope of the agreement, the parties to the agreement, and assumptions underlying 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** ensure that both parties share a common understanding about the conditions under which the stated services will be provided.

4. **Service Tracking and Reporting** identifies how service effectiveness will be assessed and communicated.

5. **Periodic Review** ensures ongoing communication between the two parties and formal systematic attention to service adequacy.

6. **Change Process** provide formal mechanisms for modifying the agreement to address changing service needs and priorities.

The Service Elements are described in detail in Chapter 4, and the Management Elements in Chapter 5.

SLA PROCESS: CRITICAL INITIAL STEPS

No two organizations establish an SLA in exactly the same way. The steps they follows and the sequence of those steps varies with their circumstances.

Nevertheless, experience has shown that certain Critical Initial Steps, as outlined on this page (and presented in detail in Chapter 7) and the Development Checklist on the next page (and presented in detail in Chapter 8) are critical to a successful SLA.

1. Assess whether an SLA is appropriate.	If an SLA is the wrong solution to the problem or need, the effort will be, at best, an unnecessary drain on resources with perhaps some positive outcome. At worst, however, it will not only not solve the problem at hand; it may worsen it and damage the relationship between the parties.
2. Ensure management commitment.	This commitment gives the effort credibility, ensures support of changes to services and service delivery that may be deemed necessary, and communicates that the agreement is important and is to be taken seriously.
3. Designate SLA managers.	Establishing an SLA is not a process that can be carried out casually or as an afterthought. It requires capable, knowledgeable, dedicated staff to lead the effort of establishing the SLA and to manage it after it has been implemented.
4. Provide SLA education.	Often, members of one or both parties — sometimes even including those designated as SLA managers — are unfamiliar with SLAs. In the absence of SLA education, these individuals may misunderstand how the agreement will affect them, and as a result, withhold their cooperation, display resistance during SLA development, or refuse to support the completed agreement.

SLA PROCESS: DEVELOPMENT CHECKLIST

1. Assess current services.	Before making commitments to customers, service providers should determine the level of service they can realistically provide. And before eliciting commitments from service providers, customers should review and clarify their service needs and priorities.
2. Gather customer feedback.	Such feedback helps the provider understand the customers' concerns and provides a baseline against which to assess customer satisfaction after SLA implementation.
3. Ensure agreement about the agreement.	The parties to an agreement often have different, and sometimes conflicting, views about SLAs. It is important to ensure that both parties agree on what an SLA is and what it can accomplish.
4. Develop the agreement.	This is but one step in establishing an SLA; it is *not* the entire process. It includes establishing ground rules for the development process, creating a structure for the SLA document, and collaboratively creating a draft agreement.
4. Solicit feedback from reviewers.	Key members of both parties should have an opportunity to review the draft, raise questions, and offer suggestions. This step is important in gaining the support, cooperation and buy-in of these individuals.
4. Implement and manage the agreement.	This steps includes identifying and completing pre-implementation tasks, running a pilot if desired, implementing the SLA, and carrying out the responsibilities of managing it.

ABOUT THE AUTHOR

Naomi Karten is a student of human behavior. Drawing from her B.A. and M.A. in psychology, and extensive corporate experience in technical and management positions, she has delivered seminars and presentations to ***more than 100,000 people*** internationally.

Naomi's consulting, training, presentations, and writings have helped organizations and groups

- Manage customer expectations,
- Provide superior customer service,
- Enhance their communications and consulting skills, and
- Develop strong relationships with clients, customers and co-workers.

Naomi is the author of ***MANAGING EXPECTATIONS: Working With People Who Want More, Better, Faster, Sooner, NOW!***, a book which offers a serious, light-hearted look (yes, *both!)* at expectations in the workplace and how to manage them better. Her handbook, ***How to Establish Service Level Agreements***, is in use worldwide. Her book, ***Communication Gap and How to Close Them***, provides practical advice for using communication as a tool for carrying out projects, delivering service, implementing change, and strengthening teamwork.

Readers have described Naomi's newsletter, ***Perceptions & Realities***, (available at www.nkarten.com/newslet.html) as lively, informative, and a breath of fresh air. She has also published more than 150 articles. She is a member of the National Speakers Association, and for three years was editor of NSA's newsletter for international speakers.

Naomi's website (www.nkarten.com) is regularly updated with articles on such topics as managing expectations, relationship building, delivering superior service, and establishing service level agreements.

Naomi is an avid downhill skier, who has taken numerous trips to the Rockies and the Alps. She and her husband enjoy helping friends and colleagues plan ski trips to faraway places.

OVERVIEW OF PRODUCTS AND SERVICES

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- Working the Team So the Team Works Well
- Changing How You Manage Change

NEWSLETTER. Naomi's newsletter, *Perceptions & Realities*, has been described as lively, informative and a breath of fresh air. See www.nkarten.com for sample articles (click on Newsletter).

BOOKS. Contact Naomi or see www.nkarten.com for information on her books:

- *Managing Expectations: Working With People Who Want More, Better, Faster, Sooner, NOW!*
- *How to Establish Service Level Agreements*
- *Communication Gaps and How to Close Them*

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