

The ABCs of SLAs

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A service level agreement (SLA) is an excellent tool for helping two parties improve communications, manage expectations, clarify responsibilities and build the foundation for a win-win relationship.

However, establishing a service level agreement is neither a quick nor a simple process, and if it is

established at the wrong time, for the wrong reasons, or in the wrong way, it can create bigger problems than those it is trying to solve. In this article, I'd like to provide the SSPA community with SLA best practices—as well as practices to avoid—for establishing effective service level agreements.

What NOT to Do

The wrong time

Service providers sometimes want to create an SLA to suppress customer complaints; however, attempting to establish an SLA with complaining customers usually backfires because customers will see it as just one more thing to complain about. Before engaging in SLA efforts, the service provider should obtain customer feedback, seek to understand the complaints, and take some small but visible steps to resolve the complaints. The timing may then be better to establish an SLA.

Sometimes it's the complaining customer who initiates the SLA. Dissatisfied customers may hope to use an SLA as a sledgehammer with which to bludgeon the service provider whenever service slips. But just as the service provider won't win customer favor by using an SLA as a complaint-stopper, neither will the customer experience service improvements by using the SLA as a club. Before engaging in SLA efforts, the customer must clearly communicate the impact of the faulty service and the changes needed. The customer must also try to appreciate what the service provider realistically can and cannot accomplish.

When a relationship is plagued by distrust and fingerpointing, it is not the right time to establish an SLA. First fix the underlying problems, then establish the SLA.

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The wrong reason

An effort is sometimes undertaken to establish an SLA when something less complex will suffice. For example, in many companies the division of roles and responsibilities between offices or departments is vague at best.

A manager at one of my SLA seminars provided a perfect example. The confusion within his own regional office about who did what was compounded by the confusion between regions – including those in other countries. He described a situation of redundant responsibilities across organizational boundaries, gaps in responsibilities across geographical boundaries, ambiguous job descriptions, and roles that changed daily. Sound familiar?

This fellow came to the seminar thinking that an SLA would solve these problems. By the end, he concluded that what was needed was not an SLA, but clarification within and between offices. Since achieving clarity about services, functions and responsibilities is essential to SLA success, it's a worthwhile starting point whether or not a full-blown SLA is ultimately needed. And if clarity solves the immediate problem, investing the additional effort to develop an SLA may be unnecessary.

The wrong way

Most SLAs are initiated and unilaterally established by service providers. The customer is given little or no say about either the content of the SLA or the process by which it is established or managed. This is the wrong way to be successful with an SLA. Very simply, if the two parties have not agreed, it's not an agreement, and it shouldn't be called an agreement. The resulting document may still serve a useful purpose, but it's *not* an agreement.

The very essence of an SLA is that both parties have a say. In practice, it is rarely practical or feasible for both parties to be involved in every step of creating the agreement. However, a successful SLA is one in which the two parties collaborate. When the process is truly collaborative, the resulting document can be filed away and largely ignored because the two parties have already succeeded in learning how to work together. And that's the right way.

The Right Way to Establish a Service Level Agreement

1. Gather background information

Both the customer and the service provider need to start by gathering information so that each has a solid basis from which to negotiate. Before eliciting commitments from their service provider, customers should carefully review and clarify their service needs and priorities. And before making any commitments to customers, service providers should

examine their service history and determine the level of service they can realistically provide. In addition, service providers should assess customer satisfaction so as to clearly understand customer concerns and establish a baseline for assessing service improvements.

2. Ensure agreement about the agreement

The two parties to an agreement often have different views about the role of the SLA and what it can realistically accomplish. Both sets of views may be valid, yet sufficiently different as to cause a breakdown in SLA negotiations. Before any SLA development work is done, it is advisable for the two parties to hold an open discussion to ensure that they have a basic level of agreement *about* the agreement. If they don't – and until they do – any further SLA effort may prove futile.

3. Establish ground rules for working together

In this critical, but often overlooked, step the SLA developers (those assigned to negotiate the SLA) focus not on the agreement, but on the process by which they will work together to create the agreement. Issues to be discussed include the division of responsibility for development tasks, scheduling issues and constraints, and concerns regarding potential impediments. In addition, the developers can benefit greatly by discussing their communication styles and preferences. By identifying similarities and differences right up front, they will be in an excellent position to minimize conflict.

4. Develop the agreement

This is but one step in the process of establishing an SLA; it's *not* the entire process. In this step, the two parties create a structure for the SLA document and then discuss, debate, negotiate and, over time, reach agreement about the contents of the agreement. In doing so, they may each solicit assistance, input or feedback from others in their own organization. The duration of this step typically varies from several weeks to several months, depending on the developers' previous experience with SLAs, their familiarity with the key elements of an SLA, the demands of their other responsibilities, and the state of the relationship between the two organizations.

5. Generate buy-in

The result of Step 4 is a *draft* of an agreement, not a completed agreement. Before implementing an SLA, all members of both parties who have a stake in, or responsibility for, the success of the agreement should have an opportunity to review the draft, raise questions, and offer suggestions. Using this feedback, the developers can conduct further negotiations, gain the necessary approvals, and finalize the document. In addition to generating buy-in, this step improves the quality of the final document.

6. Complete pre-implementation tasks

This step entails the identification and completion of tasks that must precede SLA implementation. Such tasks might include, for example, developing tracking mechanisms, establishing reporting processes, developing procedures for carrying out stated responsibilities, communicating expectations to staff, providing pertinent training.

7. Implement and manage the agreement

An agreement that is not managed dies upon implementation. Management responsibilities include providing a point of contact for problems related to the agreement, maintaining ongoing contact with the other party, conducting service reviews, coordinating and implementing modifications to the SLA, and assessing and reporting on how the two parties can further enhance their working relationship.

About Naomi Karten.....

Naomi Karten has delivered seminars and presentations to more than 100,000 people internationally to help them improve customer satisfaction, manage change, and strengthen relationships. Naomi's books and ebooks, including

Managing Expectations and Communication Gaps and How to Close Them provide proven strategies and techniques for delivering superior service, implementing change, strengthening teamwork, and dealing with the everyday miscommunications that drive people crazy. Her handbook, *How to Establish Service Level Agreements*, has helped organizations worldwide create successful SLAs. Readers have described her web-based newsletter, **Perceptions & Realities**, as lively, informative and a breath of fresh air. Prior to forming her training and consulting business in 1984, she earned a B.A. and an M.A. in psychology and gained extensive hands-on experience in technical, customer support and management positions. You can contact Naomi and find her publications at www.nkarten.com.

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