Checklist Building the Service Level Agreement

1. START UP
1.1 Key parties and objectives
Have you referred to UOW Guidelines for service level agreements?
Have you identified the parties involved?
Who is the service provider?
Who are the clients?
Have you clarified the main objectives of the service level agreement?

1.2 Identify needs and expectations
What are the needs of the parties involved?
Do you have clear definition of both parties service attributes?
Have you agreed what services will be provided?

2. NEGOTIATION
2.1 Define service levels
Have you discussed the service provider’s capacity to provide the service?
Have all service level concerns been raised?
Have you identified what will provide client satisfaction?
Have you agreed on the minimum level of service?
Have you agreed on areas for future improvement?

2.2 Establish performance indicators
Have you formulated indicators to measure service performance?
Have you reached agreement on the performance indicated?

2.3 Confirm issues
Are client and service provider roles and responsibilities clearly defined in writing?
Have you established a process that will flag problems early?
Have you established a process to resolve issues that might arise?

2.4 Determine costs and payment
Have you identified what services are free of charge?
Have you determined costs for additional services where appropriate?
Have you agreed an appropriate cost transfer mechanism where appropriate?
Have you agreed on the frequency of billing where appropriate?

3. DOCUMENTATION
Agree on the document framework and content
Are you using the UOW SLA template?
Does the document reflect the nature of the service relationship?
Is it flexible enough to accommodate changes?

4. REVIEW
Establish a review process
Who will be responsible for reviewing performance?
Have you agreed on a mechanism for reporting?
Have you agreed on a program for adjustment of service levels?
How will client and service provider feedback be sought?

5. IMPLEMENTATION
Create and sign the service level agreement
Has someone with appropriate authority signed the document?
Have you communicated the agreement to staff from both parties?

UNIVERSITY OF WOLLONGONG WEB based guidelines for
SERVICE LEVEL AGREEMENTS (SLAs)

INTRODUCTION
Service Level Agreements are increasingly being used within organisations as a means of
improving service provider performance while enabling service users (clients) to review
service priorities.
A Service Level Agreement (SLA) is a process that involves negotiation, and
documentation of service levels. The process involves agreement by both the client and the
service provider to achieve a level of service that is able to be measured.
In the University of Wollongong, Service Level Agreements have been implemented in
units that have a role in providing support service. An initial qualitative assessment of
SLAs within the University of Wollongong indicates that they have been effective for both
service providers and clients in facilitating service performance improvement. This has
resulted in improved inter-service relationships between parties due to clarification of
responsibilities and services, and subsequent improved client satisfaction.
SLAs can be implemented wherever a regular service is performed. They allow the
University to better utilise its vast resources with the tracking of service costs. SLAs can
also be integrated with other University service quality initiatives.
The following are University of Wollongong SLA Guidelines that have been developed to
assist University personnel and provide practical guidance in developing a Service Level
Agreement. These guidelines are the result of a Leadership Development Program
conducted by the Career Development Unit at the University of Wollongong.
There are five (5) main steps in developing a SLA. These are outlined below:
Start Up
Negotiation
Documentation
Review
Implementation

UOW SLA GUIDELINES
There are five (5) main steps in developing a SLA process. These are outlined below:
Start Up
Negotiation
Documentation
Review
Implementation
The process is summarised in a Checklist at the end of these guidelines. Parties who are
developing a SLA should not attempt to start at the documentation phase, as this is a
common response, but to go through the sequence set out in these guidelines.
A recommended University of Wollongong Template is included to assist parties in the
documentation phase of the agreement. Parties who are reviewing an existing SLA should
be familiar with the development phase of a SLA process however are encouraged to
review the Guidelines and use the Checklist and the Template as a guide.
1. START UP
1.1 Key parties and objectives
Initially both parties will need to decide who will represent the service provider and client in the development process. Parties should consist of 1 or 2 representatives from each unit; service provider, clients, and other interested parties who may have an interest in the outcomes of the service.

At this stage, a statement of the main objective/objectives of the SLA should be agreed upon and defined. Parties need to identify what they want to achieve through the use of a SLA. An example of these may be "clarification of responsibilities" or "enhance effectiveness of service delivery".

It is tempting to "dive in" and start writing the agreement as the provider has probably been providing the service to the client already for some time. Instead, take the time to define the services and inter-relationship in detail, drawing out any underlying concerns from both service provider and client. This will ensure that issues from both sides are incorporated appropriately within the SLA negotiation process.

1.2 Identify needs and expectations
When the key parties have identified the main objective/objectives of the SLA, the next step is to identify needs and expectations for the specified service. This enables both parties can understand what service attributes are most valued by each group. A service attribute is the aspect of service quality that is most important to the client or stakeholder.

It is necessary at this stage, for clients to distinguish their specific needs from broader expectations regarding service, and to appropriately prioritise service requirements. It may also be appropriate for the provider to detail other services they can provide. This is so both parties can fully identify their needs and expectations and agree on what services will be provided.

2. NEGOTIATION
2.1 Define Service Levels
A service level is an agreed measure and may include one or more of the following elements to describe service performance:

- Quantity
- Quality
- Timeliness
- Cost
- User satisfaction

The service provider needs to discuss their capacity and potential constraints on providing the service for the client. This will assist both parties gain an understanding of each others requirements and reduce unrealistic expectations. If there are concerns or issues regarding service levels they should be discussed now, not when a SLA is close to implementation.

The critical areas of service must be identified and both client and service provider need to agree on a minimum level of service to provide client satisfaction. Avoid setting too many service levels as this can get complicated. In the University environment, only one or two key service level measures may be needed. It is recommended that identified service levels are measurable and are based on user satisfaction as well as service output.

Both the client and the service provider need to agree on service levels that cannot be met. A general rule for the service provider is to 'under-promise' and 'over-deliver'. Some units may choose not to specify a minimum service level, but to put in place a monitoring arrangement to establish a history and propose a timeframe for later implementation.
It is a good idea to identify and plan areas for future improvement, so parties to the SLA can foster common goals and build on the service relationship. Areas of improvement may include redistribution of service resources.

2.2 Establish Performance Indicators
When both parties have established agreed service levels, the next step is to agree on measurement of service level performance. It is essential to implement a system that will provide credible results, otherwise all parties within the process may lose confidence. For example, when measuring the time to answer a telephone on a customer service line, the response time should be measured automatically through the telephone information system instead of undertaken manually by the operator.

It is often the service provider who puts forward ideas regarding measurement of performance, however this is not always the case. Performance can be difficult to measure in some cases and it is a good idea to keep it as simple as possible. Some lateral thinking by both parties incorporating a mix of output and outcome measures often generates the best results. One-off or periodical surveys may be all that is required to measure whether performance indicators have been achieved.

As with all stages within this process, it is important that agreement is reached between client and service provider regarding service performance measures.

2.3 Confirming Issues
An effective SLA acknowledges that clients and service providers have responsibilities and obligations to each other. It is important to address these points in the development phase, and acknowledge them in writing. An agreement that clearly defines the roles and responsibilities of both parties will be of particular benefit if problems arise.

The SLA should include a process for flagging issues early should they arise. Issues or disputes where two parties have attempted a resolution and failed may require some form of mediation by a third party.

2.4 Determine costs and payment
Many areas within the University have services funded centrally, and therefore the client may view that these services be provided free of charge between units. In these cases a determination of costs and payment should relate to additional services requested by the client. It may be necessary to charge premiums for priority service, or different rates for peak and off-peak periods. All activities outlined within the agreement should be broken down to enable accurate costing.

Parties should check on any policy constraints that may govern their particular unit. Any billing and payment mechanisms that may be required should be negotiated at this stage.

3. DOCUMENTATION
Agreement on the document framework and content
It is recommended that University of Wollongong SLAs follow the framework outlined in the attached University of Wollongong SLA template. The SLA document needs to reflect the nature of the relationship between the client and the service provider, and be linked to the key performance indicators agreed upon in the negotiation phase.

Some effective SLAs are relatively brief, with general descriptions of services provided costs and associated information. Other SLAs may specify services and service levels in extensive detail. Detail may be required in some areas with complex service provision requirements, however it should be noted that the intention of the SLA negotiation process is to confirm mutual issues and agree upon key service areas and measures. Similarly, over-generalised SLAs may be frustrating for both client and service provider. The SLA document should reflect the negotiation and agreement phase of setting up a SLA.

Another key aspect of SLAs is the need to incorporate an element of flexibility, in order to accommodate environmental change that is common within organisations. One way of building in flexibility is to separate the broad areas of agreement that are unlikely to
change, from the details that can be altered subject to discussion. The section that is open for discussion is commonly referred to as the 'Service Schedule'.

Service schedules specify:
- specific services
- quantity, quality, timeliness
- measures
- obligations

4. REVIEW

It is important to define how the agreement will be monitored and the mechanisms that will be used to resolve issues that may arise during the course of the agreement. If the service levels and standards have been defined clearly, and indicators to measure performance have been established, then monitoring will be relatively easy. The agreement should build in a process for feedback between both parties, via reporting or another agreed communication method between the representatives of both parties.

It is likely that reviews would be more frequent at the early stages of the SLA, and less frequent when the relationship is well established. In addition there should be an agreed schedule for review. A twelve (12) month review is recommended, however parties may agree on a different schedule. Both parties should identify a representative to manage the agreement on behalf of each other. The review process should allow for adjustment of service levels where appropriate, and redefinition of targets and indicators where appropriate.

Both parties should agree on mechanisms for feedback with straightforward communication lines. A communication register for feedback may be a valuable tool for reviewing a SLA whether the feedback be a 'complaint', 'suggestion' or a 'thank you'.

5. IMPLEMENTATION

Once the agreement has been documented and each party has agreed on the final wording of the SLA document, then each party should nominate an appropriate representative with authority to sign the SLA. This will effectively implement the SLA for the duration stated. It is up to both parties to maintain the detail of the agreement. This may take a little extra work early in the agreement. However, over the long term it should prove beneficial and increase client satisfaction by improved service level performance in target areas. Each party to the agreement should discuss and monitor the agreement regularly with their staff throughout the period of the agreement. Discussion should include the reasons for establishing an agreement, the needs and expectations, levels of service, performance indicators, problem resolution, and a review of the communication register for feedback.

REFERENCE MATERIAL

NSW Premiers Department Corporate Services Reform Team (1999). Service Level Agreements - guidelines for public sector organisations.

UOW SLA FAQ's

What is a SLA?
A service level agreement is a process of negotiation and a documented agreement.
Why use a SLA?
To ensure quality of, and encourage ongoing improvement of services.
To set service performance expectations.
To make services visible and permit benchmarking.
To provide a tool for use in evaluation of resource usage.

Where are SLA's used?
Buildings and Grounds, Printery, Staff development unit, Faculties, Security, ITS, Common teaching areas, Finance and MIPS are some examples.

Who do I need to involve in the process?
The service provider, the clients and other stakeholders such as suppliers.

How do I go about negotiating an agreement?
Obtain a copy of the UOW SLA Guidelines and follow the checklist.

What organisations use SLA's?
BHP, Western Mining, University of SA

Is a SLA a legal contract?
A SLA is not a legal contract but an agreement of services in writing.

Once we have developed a SLA, what then?
A review process should be put in place and each party to the agreement should discuss and monitor the agreement throughout its life.

What happens if staff change in either the client or provider areas?
The agreement needs to be communicated clearly to the new staff.

What happens if the type of services required changes?
The agreement should be flexible enough to allow for review and change.

What outcomes should I expect from using a SLA?
Clarification of responsibilities of parties involved in the agreement.
Agreement on levels of service.
Monitoring of service quality.
Designation of areas for service improvement.

Who needs to know that we have a SLA in place?
Only those parties affected by the agreement.

UOW SLA template

1. GENERAL INFORMATION
SLA Objectives
List the main objectives of the service level agreement
Description of services
Outline service levels covered by this agreement
Performance indicators
List agreed performance indicators
Exclusions
List areas or services not covered by this agreement

1. TERMS AND CONDITIONS
Confirming Issues
List agreed responsibilities of both parties
Cost and payment arrangements
List services that are provided free of charge and services that will be charged.
Review
Outline the review process and who is to be involved
Resolution of issues
If issues arise outline how they will be resolved