

Implementation Guide for Service Level Agreements

A practical guide to the implementation of Service Level Agreements for managing business processes, including a fully-detailed 70-point template to fast-track your own SLAs.

Content includes Benefits of SLAs, What Services are Suitable for SLAs, Creating a SLA, SLAs and Recharges, Examples of Services Managed by SLAs and a detailed, SLA Template.

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What Services are Suitable for SLAs?

The key criteria for deciding whether a service is suitable for creation of an SLA are the following:

- the service is fully understood by the service provider and the service provider is experienced in provision of the service. Where the service is novel in its form, complex and unfamiliar, the chance that the service provider will be able to satisfactorily perform the service while returning a reasonable profit is very much reduced.
- the service is provided in reasonably small, discrete and measurable units at a reasonable high frequency. Services which deliver large, amorphous blocks at low frequency lead to uncertainty of cash flow coupled with difficulty in quality management, both of which are contra-indications for SLAs.
- the service is repeatable and does not require significant original intellect to deliver. These characteristics of services lend themselves to initial training of service provider personnel and also to continuous monitoring and quality assurance, thus favouring SLAs as a management approach.
- the client can define the service needs. The client must be capable of describing and specifying what its business needs are and at what level of service they are to be delivered; when this capability is not evident, it needs to be developed before entering into a SLA.
- the service needs are relatively stable; this is a condition for SLAs since the service provider needs to establish a fee-per-service which, when performed over a period of time, results in a full offset of costs plus profit
- the service provider has, or can reasonably obtain, the resources needed for the service provision at the required service quality. Although the other conditions may be met, the service provider will not be able to deliver the services adequately in the absence of a suitably qualified resource pool.

To clarify these criteria, we can examine two contrasting tasks for their suitability.

1. Writing parking tickets is a service quite suitable for creation of a SLA. The service task is reasonably small, comprised of discrete and measurable units and the frequency of issue of tickets is quite high. The task of ticket writing is repeatable and does not impose any demand for original intellectual effort. The client (usually a city council) can normally be expected to define the service needs and these service needs are quite stable, since illegal parking is not a seasonably variable offence. Provided that the service provider is experienced in this or similar

services, understands the service and can obtain a suitable supply of parking inspectors, this is a service which should not only be readily represented by a SLA but which is likely to be best managed by a SLA.

2. In contrast, writing novels is a service completely unsuitable for management by SLAs; indeed the management of the task of writing novels is difficult by any means. The service is characterised by large discrete units of delivery which require significant individual original intellectual effort. The time to execute each "service" is prolonged, making opportunities for quality assurance limited. The task is, by its very nature, not repeatable as a novel needs to be "novel". The client is unlikely to be able to specify the service need in any meaningful way; witness the unseemly public contestation which tends to attach itself to every literary prize for novel-writing. The resourcing of the service demands unusual, specialised resources, i.e. fiction writers.

As can be seen by these examples, there are clear characteristics which indicate or contra-indicate a particular service for management by SLAs.

Assessing a Service's Suitability for SLA Management

In order to determine whether a particular service is suitable for management by SLA, we suggest using an assessment table to determine how the service, considered together with the capabilities of the service provider and the client, rates as a SLA client.

SERVICE ASSESSMENT: ISSUE OF PARKING TICKETS		
CRITERION	ASSESSMENT	FIT ASSESSMENT (H, M, L)
Service provider understands service	Service provider demonstrates clear understanding of the service and has established metrics for its management	High
Service provider experienced with this service (or similar)	Has provided traffic infringement services for two years	High
Service units small and discrete	Patrol time measured in 8 hour shifts; each ticket issued 5 minutes work	High
Service high frequency	~500 tickets issued per day	High
Service repeatable	Issuing tickets, independent of the circumstances is highly repeatable	High
Service does not require original intellectual effort	Conditions for issue of a ticket highly circumscribed; issue of ticket is a multiple choice fill-in exercise	High
Client can define service needs	Client council has long experience with ticket issue to draw on but may be unclear on service levels	High
Service requirement stable	Ticket issue records show less than 5% quarter-to-quarter variation	Medium – service provider may be asked to help client in service level specification
Service provider can	Service provider must	Low – this issue

obtain suitable resources	recruit for roles and may encounter some difficulty in view of current high employment levels	needs careful attention
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