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Service Level Agreements (SLAs) are an increasingly popular way to formalize the quality of outsourced services. An SLA is a contract that spells out the terms and conditions of the service. It sets the expectations between the client and the service provider and helps define the relationship between the two parties. It is the cornerstone of how the service provider sets and maintains commitments to the service consumer. In the definition of an SLA, realistic and measurable commitments are important. Performing as promised is important, but swift and well-communicated resolution of issues is even more important.

Why a Service Level Agreement is Important?

A good SLA is important because it sets boundaries and expectations for the following aspects of service provisioning.

Client commitments - Clearly defined promises reduce the chances of disappointing a client. These promises also help to stay focused on client requirements and assure that the processes follow the right direction.

Key performance indicators for the customer service - By having these indicators established, it is easy to understand how they can be integrated in a quality improvement process (like Six Sigma). By doing so, improved client satisfaction stays a clear objective.

Key performance indicator for the organizations - An SLA drives internal processes by setting a clear, measurable standard of performance. Consequently, internal objectives become clearer and easier to measure.

SLA strategies:

The benefits of an effective SLA are well worth the time and effort it takes to develop one. The general steps to formulate and enforce an SLA are:

- ✓ Identify client's Service Level Requirement (SLR) so that the SLA is comprehensive.
- ✓ Design the SLA so that it clearly defines the responsibilities of both parties.
- ✓ Pay particular attention to what services are to be outsourced, how they will be measured and the process for realizing agreed-upon remedies.
- ✓ Implement SLA measurement and enforcement tools and processes to ensure that every SLA can be measured and enforced as soon as the service under consideration is commenced.
- ✓ Enforce SLA compliance by identifying and resolving problems jointly that arise.

What a Service Level Agreement Includes:

A good SLA addresses the following key aspects:

- ✓ Name of the parties
- ✓ Validity period of the agreement
- ✓ Services to be provided
- ✓ Hours when services are provided

- ✓ Service access
- ✓ Responsibilities of the parties to the agreement
- ✓ Call Priorities and response times
- ✓ Service measures
- ✓ Team leaders for the respective projects
- ✓ Escalation procedures
- ✓ Reporting procedures
- ✓ Service fees
- ✓ Renegotiation date
- ✓ Signatures

Preparing an SLA requires case-to-case careful analysis. It is important to work with the clients to structure the SLA in order to make it as clear and simple as possible. It must be ensured that the SLA clearly defines the services to be offered, responsibilities of the parties and service measurement procedures. As parties to the SLA explicitly agree on their own responsibilities and commitments, the resultant project success rate is very high. Therefore, industry experts strongly recommend that the Outsourcers and Service Providers should execute the SLAs before going in for implementation of the outsourcing projects.

We appreciate and value your feedback very much. Let us know how we can help make this communication vehicle and the learning resource more valuable to you.

You can always e-mail us at resources@sabooe-solutions.com or call at 1-646-435-7887(USA) or 020 7993 8870(UK) or 91 33 2236 5173 (India).

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