

FACT SHEET



SERVICE LEVEL AGREEMENTS

INTRODUCTION

An increasing number of HR departments are formalising their internal customer service offering by means of Service Level Agreements (SLAs). In organisations where the concept of SLAs is new, the introduction of an HR SLA is more complex than in organisations where it is already established practice. However, even in the latter case, the content of the HR SLA needs to be thought through carefully and it must be on a solid foundation of good HR practice.

Often a restructuring of the HR function to include a Shared Service Centre or some form of transactional processing centre brings about the need for an SLA, but SLAs can also be used in more traditional HR structures. Such a written SLA not only provides clarity on HR service expectations, it can also serve as evidence for an internal or external HR audit.

The SABPP HRM Standard on HR Service Delivery indicates that it is important to at least have some clear and preferably written mutual agreement on what is expected from the HR department. The following extract shows this in more detail:

“11.3.3 Ensure adequate understanding of the role and responsibilities of HR within an organisation.

- A clear understanding of the expectations of top management for HR delivery should be arrived at through discussion. The HR head should bring to this discussion clear expectations of the organisation and management, as good HR practice (which is known to contribute value to organisational success) should not be compromised by management decisions. The outcome of this discussion should be integrated into the HR strategy delivery plan and some form of HR service level agreement should be agreed between the HR head and top management.
- Teamwork between HR practitioners, line managers and employees is necessary to achieve results from the HR strategy. This teamwork is built upon clear allocation of roles and responsibilities. The service level agreement, in whatever form the organisation adopts, should include such allocation of roles and responsibilities and should not represent any taking on of the role of line managers in managing their people. For example, HR should not take decisions on selection, individual pay, performance ratings, or termination. HR should be held accountable for professional advice and support to managers in taking such decisions.
- To ensure maximum acceptability of the service level agreement, consultations between HR and various levels of management and between HR and employees/employee representatives should be undertaken.
- The service level agreement should be a document easily understood by all and accessible by all in the organisation.”

SABPP HRM Standard for HR Service Delivery, paragraph 11.3.3

Having an SLA in place means that some form of measurement against the SLA will be required, so it is important that the right measures are identified as part of the design process.

This Fact Sheet outlines HR as an internal customer service function, discusses benefits, do's and don'ts of Service Level Agreements, gives a format for an SLA and provides some examples and implementation guidelines.

1. INTERNAL CUSTOMER SERVICE

The idea that an HR department is offering a service to internal customers is relatively new and was supported and encouraged by the work of Dave Ulrich and his colleagues, amongst others, when they researched and wrote about the roles of HR. Previously, departments such as HR, finance, purchasing and IT were regarded as “staff departments”, simply there to do defined tasks. IT departments in particular were among the first to be regarded as a service department, expected to listen to their internal customers and adapt their services according to their customers’ expectations.

“Internal Customer Service is the service rendered by colleagues, departments or sections within the organisation to each other. Without winning quality internal service, winning quality external service cannot be achieved.”
C Pansegrouw. *Winning with Customer Service*

For example, when an employee or line manager calls HR for information on the medical aid, this is an internal customer service request. How HR responds to such requests is a good indication of the organisation climate which will also influence how external customer requests are handled. Research in the UK by the IES HR Network¹ summarized three possible types of internal customer service approach by HR departments as:

Pro-active (seen as responsive, pro-active and professional);

- Bugged-down (stuck in administration and inefficient routine processes);
- Remote (uses policies and technology to keep customers away).
- Great internal customer service can be ensured by:
 - Setting clear expectations;
 - Clarifying internal customer responsibilities;
 - Discussing priorities;
 - Training the HR staff in customer service;
 - Measuring results and identifying improvement areas.

This is the approach taken in the SABPP Standard on HR Service Delivery.

2. SERVICE LEVEL AGREEMENT

An SLA serves as both a blueprint and a warranty for your IT services. It lays out the specific details of your services, priorities and responsibilities, and clarifies expectations of both parties.

K Gibson

<http://www.labtechsoftware.com/blog/dos-donts-crafting-perfect-sla/>

1 <http://www.employment-studies.co.uk/report-summary-what-customers-want-hr>

This quotation refers to an IT SLA but would also be true for an HR SLA. The author continues to say:

By treating an SLA as a living document and routinely reviewing and amending it, you'll be able to more easily diffuse tensions when problems arise. An SLA can be a powerful part of your relationship with your clients, but for it to be successful it must be built on a foundation of common understanding.

Don'ts

- Treat it as a cease fire. Presenting clients with an SLA as a response to their complaints or concerns is going to be seen as hostile and could lose you a customer. Fix the problem, then negotiate an SLA.
- Make it one-sided. An SLA serves as an agreement between both parties, and should be agreed on by both the service provider and the client. If one side is calling all the shots, the document will be uneven and can't be a true agreement.
- Leave your clients in the dark. Failing to notify your clients how you are meeting expectations of your agreement will only frustrate them. Be up front with your measurements, even if they aren't 100% positive.

Do's

- Identify what's covered. Explain what services your department will provide and what you will NOT provide, particularly if this deviates from expected service.
- Monitor compliance. Deploy tools that keep you up to date on SLA compliance so you make sure you're on track to meet client needs.
- Set availability expectations. Let your clients know that your service desk is available as a point of escalation when issues arise. Include how they can contact you and expected times for resolution based on problem severity.

It may be tempting to set out a comprehensive range of services and standards to be offered, which represent the desired situation in the future. However, this will be detrimental to the relationship with internal customers when they do not see delivery against the standard in the short term. Therefore, only promise what you can be sure of delivering. If what you feel secure in promising is not matching the requirements of the customer (determined during the formulation process of the SLA), then a serious discussion on priorities and resourcing must happen so that a true agreement can be reached.

3. FORMAT OF A HR SERVICE LEVEL AGREEMENT

An SLA may be a formal written document signed by all parties or a less formal list of services and standards. The choice would depend on prevailing internal practice and the organisation culture. The basic minimum is that the services and standards should be clear and measurable.

The SLA should have a clear term and should be renegotiated at regular intervals, probably annually. Provision should also be made for changes during the term of the SLA to cater for organisational changes and for any changes in the general assumptions made – such as that the number of em-

employees to be serviced will not exceed a certain number, or that a certain IT system is available at a specified level (the SLA between the HR department and the IT department). A change request and authorisation process should be specified.

The format could include:

Type of service	Response time	Availability of the service	Process	Measurement process and frequency
This could include: Workforce plan Recruitment Learning and Development Performance Management Wellness Employee Relations OD General HR queries HR reports HR system support	This may be different for different sets of internal customers and type of service, or for different times of the day, shift, week or month	Working hours, geographic physical presence or remote, level of seniority or type of specialist dealing with the matter	Set out the steps of the service process - for example, how a vacancy will be filled, or a checklist. This should clarify where line is responsible and where HR is responsible.	This may be different for different sets of internal customers and type of service, or for different times of the day, shift, week or month

Provision should be made on how disputes or complaints are to be handled.

If possible, the cost of providing each service should be calculated and monitored so that some form of evaluation of return on the investment can be considered.

Service Level Agreement re Human Resource Support Services between XYZ Limited t/a ABC Distribution (ABCD) and Shining Star HR (SSHR).

4. EXAMPLE OF A HR SERVICE LEVEL AGREEMENT²

Service Level Agreement re Human Resource Support Services between XYZ Limited t/a ABC Distribution (ABCD) and Shining Star HR (SSHR).

GENERAL

It is hereby agreed upon that SSHR will act as a service provider of HR-related support services to ABCD and will be responsible for rendering specific HR support services to ABCD HR.

² Example provided by SABPP member Amanda Boonzaier and used with grateful thanks

OPERATIONAL SERVICE LEVEL AGREEMENT

Hours of Work

In terms of the conditions of this agreement SS HR will ensure that personnel and functions are available to ABCD between 8 am and 16:30 pm daily Monday to Friday with the exception of public holidays.

Point of Contact

- a. ABCD HR will be the first line of contact with regard to HR related issues for the management & staff of ABCD.
- b. ABCD HR will liaise with SS HR with regard to specific HR support functions
- c. SS HR will provide the names of their employee(s) responsible for the specific HR support service to ABCD HR to be able to deliver a one-stop support service to ABCD HR

Specific HR Support Services

- a. Payroll administration
- b. Employee funds service & administration
- c. Management Information Reports
- d. Job Grading according to XYZ (grading system name) & annual market related remuneration survey results
- e. Recruitment & selection of Intern students
- f. Recruitment & selection (internal advertising & psychometric evaluations)
- g. Internal training courses (e.g. Thriving on change; Free to Grow; Money Sense)
- h. Senior management talent management programme
- i. General HR expertise with respect to policy and legal queries
- j. Labour relations support
- k. Employee Assistance Programme (EAP) & awareness campaigns

Fulfillment of HR Support Service

The maximum lead time between the receipt and the completion of a customer request will be:

- a. **Payroll administration**
 - i. Pay date according to ABCD policy (currently 25th of each month)
 - ii. Pay slips available 3 to 4 working days before date of payment
 - iii. ABCD HR to collect & send documentation needed to process salary/ wages – no system/data inputs made by ABCD HR
 - iv. Salary queries to be addressed within 24 hours
- b. **Employee funds service & support**
 - i. Queries response 24 hours
 - ii. New membership cards within first month of joining
- c. **Management information reports delivered within 4 days after salary run**

Specific Deliverables on various HR Support Services

- a. **Payroll administration**
 - i. Full system support with regard to new appointments, termination of service,

transfers, promotions, various salary/ wage deductions, annual/ merit increase, annual/merit bonus, and similar actions needed

- ii. Full maintenance of database integrity – correct employee information based on personal detail, company detail, job grades, remuneration and fund information
- iii. Full leave administration – data capturing, reporting, forecasting and record keeping (to correspond with ABCD time & attendance system)
- iv. Monthly reconciliation of payroll and record keeping of monthly salary registers

b. Employee funds service and support

- i. Full support to members with regard to queries, claims administration and communication
- ii. Annual feedback & benefits status/ reports
- iii. Administrative and customer support with special requests, e.g. retirement, death claims, etc.

c. Management Information Reports

- i. Monthly and annual reporting on aspects such as cost of employment; EE/BEE statistics, leave status & forecasts, Skills Development, labour turnover, Disciplinary/ Grievances
- ii. Availability of reports in Excel format
- iii. Integrity of data 100% correct – various reports to correspond (e.g. employee cost vs. leave forecast report)

d. Job Grading support

- i. Use of Paterson specialist to facilitate grading panels
- ii. Updated market related salary survey information
- iii. Support with planning remuneration & reward strategies based on market related/ internal benchmark information

e. Intern Students

- i. Marketing ABCD as an employer of choice to attract good students
- ii. Drive recruitment and selection of various students
- iii. Administer SETA discretionary grant to refund employers
- iv. Provide assistance with learner guidance/ assessments

f. Recruitment & Selection (Internal & psychometric assessment)

- i. Placement of selected advertisements on website
- ii. Negotiation of special rates for psychometric assessments

g. Internal training courses

- i. Negotiating preferential rates for training such as Freedom to Grow; Thriving on Change and Money Sense
- ii. Providing internal support/ expertise on soft skills training (for example, Performance Management Techniques, Handling Discipline and Employee Relations, Wellness)

h. Senior Management Talent Management Programme

- i. Design and investigate senior management coaching, development and mentorship opportunities
- ii. Negotiate preferential rates with reputable academic and learning institutions
- iii. Administer and record talent pool development
- iv. Strategic Talent Development tool – Leadership Pipeline – provide training, guidance and vision

j. Labour relations support

k. EAP

Specific costs for the various HR Support Services

To be determined as per company specific rules, needs and budget.

Measurement of success

Customer satisfaction survey – 2x per annum. To achieve 75% satisfaction or more. Target audience: Exco, HOD's and team leaders

Internal customer satisfaction survey – annual survey to all staff to measure impact of HR delivery. To achieve 60% participation and minimum of 75% satisfaction.

Additional possible areas to include in SLA:

- Mediation (conflict resolution/ dispute re service delivery/expectations)
- Key Account Management as a principle
- Continuous feedback; improvements and change management]

The above is merely one example of an SLA for a particular company. If HR is seen as a true business partner, their level of service and expertise will include more advanced services such as:

Designing, documenting, driving and reporting on the talent management strategy and plans; succession planning; HR risk identification; workforce planning; driving change and innovation throughout the organisation; focus on team development and effectiveness; facilitating performance management and reporting on trends; training; being an active participant in Employment Relations; disciplinary matters; dispute resolution, etc.

5. IMPLEMENTATION OF THE HR SERVICE LEVEL AGREEMENT

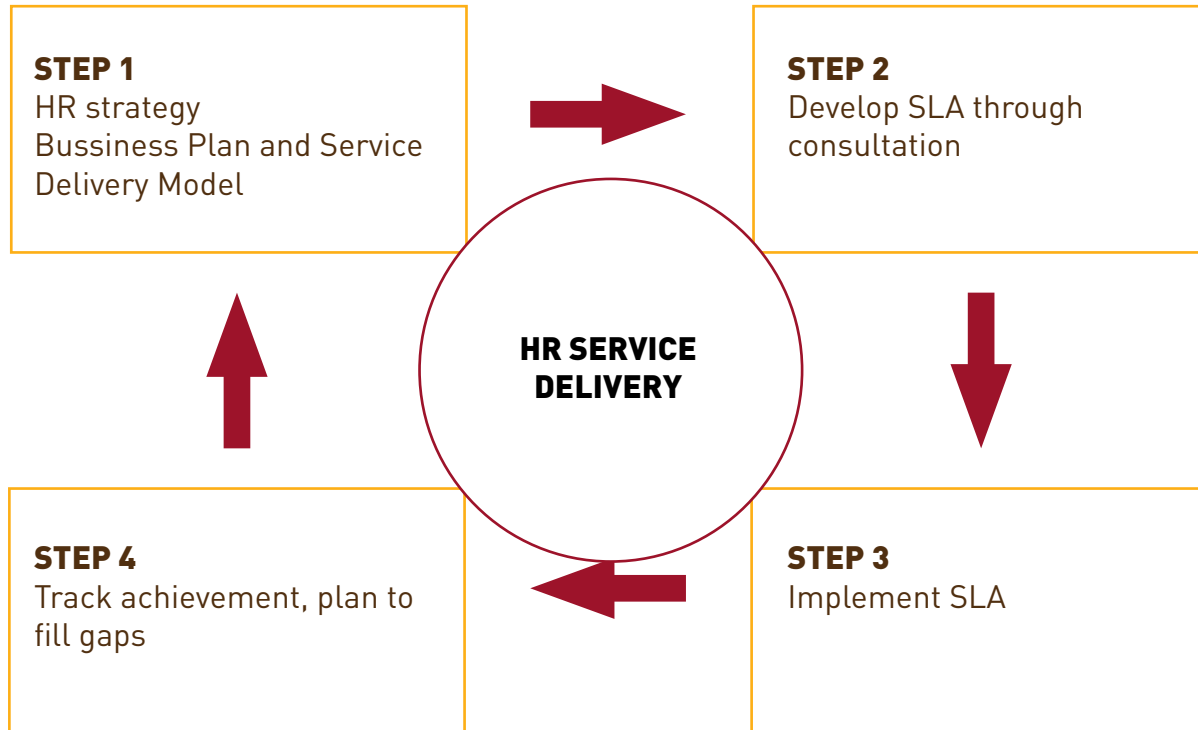
The SABPP HRM Application Standard on HR Service Delivery (paragraph 11.3.6) sets out the following guideline on implementation:

- The service level agreement as established as in 11.3.3 should specify service levels in terms of time lines, definable outcomes and quality measures.
- Where customer satisfaction measurement systems are in place elsewhere in the organisation (whether internal customers or external customers), consideration should be

given to using the same system to measure HR service delivery.

- All members of the HR department should have access to the service level agreement and should have appropriate service delivery targets built into their performance agreements and performance reviews.
- Training of HR staff in customer service should be provided. HR practitioners should be role models for internal service delivery. HR should be highly visible in the business through a regular/sustained presence in the workplace.
- Service delivery should be measured regularly (quarterly for some items, half annually or annually for other more long term projects or tasks).
- Results should be shared first with the HR team and then with the rest of the organisation, together with an action plan to improve delivery where required. (Note: professional HR standards should not be compromised. Where customer satisfaction is low and it appears that this is due to the application of good HR practice, effort must be put into educating internal customers on the reasons for and value of good HR practice.)
- Systems to register and address complaints and to recognise excellent service should be instituted.
- Measurement of service delivery levels and customer satisfaction should be used to ensure continuous improvement within the HR department.

The process could follow the steps as set out diagrammatically below:



6. CONCLUSION

Negotiation of an SLA between the HR department and the rest of the organisation is a logical development of the concept of HR as an important business function which works in partnership with other functions, rendering an important and valued service. An SLA is a visible expression of business partnering and provides a framework for operationalising the strategic intent of HR work. Having an SLA in place also encourages HR practitioners to think and behave in a business-like and professional manner – they will be clear on what they must deliver and how they will be measured. Facing up to customer feedback is a huge learning experience and focuses the mind on improvement. Potential for improvement often lies in better communication and better awareness building and training of line managers in their people management responsibilities; better process mapping and re-engineering of HR processes; leveraging of technology to accelerate service delivery; and better knowledge and skills of HR practitioners and their supporting administrators.

The HR department is a critical custodian of the Employee Value Proposition and an SLA can also be a great opportunity to market the HR department services to all employees and managers.

HR practitioners are therefore encouraged to initiate an SLA development process for their department and derive all the benefits outlined in this Fact Sheet.

This Fact Sheet was written by Penny Abbott of the SABPP in consultation with Christine Botha, previously Head of HR Audit for SABPP.

Date Number Subject

2013

February	1	GAINING HR QUALIFICATIONS
March	2	ETHICS, FRAUD AND CORRUPTION
April	3	NATIONAL DEVELOPMENT PLAN
May	4	BARGAINING COUNCILS
June	5	EMPLOYMENT EQUITY
July	6	HR COMPETENCIES
August	7	HR MANAGEMENT STANDARDS
September	8	PAY EQUITY
October	9	COACHING AND MENTORING
November	10	HIV/AIDS IN THE WORKPLACE

2014

February	1	EMPLOYING FIRST-TIME JOB MARKET ENTRANTS
March	2	PROTECTION OF PERSONAL INFORMATION ACT
April	3	QUALITY COUNCIL FOR TRADES AND OCCUPATIONS
May	4	WORK-INTEGRATED LEARNING
June	5	RECRUITMENT – SCREENING OF CANDIDATES
July	6	HR RISK MANAGEMENT
August	7	BASIC HR REPORTING (1)
September	8	BASIC HR REPORTING (2)
October	9	EMPLOYEE ENGAGEMENT
November	10	SEXUAL HARASSMENT

2015

February	1	AMENDMENTS TO LABOUR LEGISLATION 2014
March	2	THE REVISED BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES OF GOOD PRACTICE

April	3	LESSONS LEARNED FOR EMPLOYERS FROM CCMA CASES
May	4	EMPLOYEE WELLNESS SCREENING
June	5	CHANGING THE EMPLOYMENT EQUITY LANDSCAPE
July	6	EMPLOYEE VOLUNTEERING
August	7	DEPRESSION IN THE WORKPLACE
September	8	EMPLOYEE WELLNESS
October	9	EQUAL PAY AUDITS
November	10	BASICS OF EMPLOYEE COMMUNICATION

2016

February	1	PRODUCTIVITY BASICS
March	2	SERVICE LEVEL AGREEMENTS

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