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Facility management and outsourcing: Part 2 of 2

Signed, sealed and delivered

The service level agreement or SLA is an important tool to specify accountability and manage expectations

FOR any organisation's facility management and support services to be successful, there needs to be an agreement among three or more parties, including the outsourcing provider and the end user (the department or business unit).

A service level agreement (SLA) benefits both the client as well as the vendor. Some of the key benefits of an SLA are:

- It is evidence of the agreement between the two parties;
- It sets standards for quality of services provided;
- It makes the terms and conditions clear in case of disagreements between both parties;
- It clarifies goals to be achieved; and
- It ensures continual improvement to achieve best-in-class practices.

An SLA is customised according to the client's requirements and should describe:

- The services being promised;
- How the services will be delivered;
- How the quality of the delivered services will be measured;
- Quality standards of the services promised; and
- Action to be taken in case of delivery failure.

An SLA should have some flexibility as well so that it continues to reflect the real and changing business needs of the organisation the vendor is servicing.

It establishes a pre-determined level of service which is documented and signed off by all parties involved. A key benefit of the SLA is its ability to manage expectations.

The SLA has the look and feel of a con-

tract, although it is easier to navigate than a contract. It is signed off by principal members of the business and may contain peripheral information unimportant to the casual user. For this reason, a "Facility Management and Support Services Guide" should be created and distributed to all business units and their employees.

Divisive alliances

Let us look at a scenario that can be potentially problematic. An organisation that wishes to outsource its facility management and support services department has never taken the time to develop a comprehensive SLA with its internal customers (end-users).

Realising that this important step needs to be taken, it drafts an SLA (requiring inflated service levels) and turns it over to the outsourcing providers who are bidding for the job.

When the bids come back, the organisation baulks at the high costs, comparing them to their current cost of business. The organisation is now rethinking its outsourcing solution.

What went wrong? Basically, the company failed to understand the basic correlation between services offered and costs. The SLA is not a tool to get more for less out of an outsourcing provider.

The appropriate approach to drafting an SLA is to focus on the service impact on the end-customer and to address the interaction and interdependencies across the services.



Draft the SLA to be flexible enough to accommodate a customer's changing requirements.

Accountability

The people who are directly responsible for providing and receiving the service should be jointly responsible for the way service levels are tracked and should be able to explain to senior management what is being measured and why.

Does the SLA pass the test?

An SLA should be tested by asking basic questions such as what happens if there is a breakdown in facilities operations and parts are no longer available and does the SLA have a clear picture of the expected outcome, and its financial and business impact?

The purpose is to ensure that the measures to be used and the goals pursued are understood by the parties from the start.

An effective SLA should reflect the commitment of the service provider (in-house or external) to the customer to deliver an agreed level of service. It should specify rewards and penalties, yet retain flexibility so that the customer's changing requirements can be taken into account.

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