

# Creating and Maintaining Service-Level Agreements

## Everything You Always Wanted to Know, But Were Too Afraid to Ask

### **What is a Service-Level Agreement (SLA) in the context of shared services?**

A service-level agreement specifies the terms of service provided by a shared services center to its customer base.

### **Why should organizations use SLAs?**

SLAs have many benefits. They increase transparency, foster communication, and provide mechanisms of accountability for both the service provider and the customer. They set agreed-upon targets for metrics such as turnaround time, quality, accuracy, or the availability of support services. Ultimately, they look to align the customer and the shared services center's expectations about what constitutes "acceptable service." As such, they often lead to greater customer satisfaction.

### **How does an SLA benefit client units of the shared services center?**

Codifying service expectations into an SLA assures customers that the shared services center is designed to respond to their needs. When customers and shared services leaders work collaboratively to define service levels, customers have an opportunity to articulate their needs and expectations. Providing a mechanism within the SLA for responding to and resolving customer complaints is similarly important. When the shared services center delivers the agreed-upon service levels—enforced through reporting on key performance indicators (KPIs) such as timeliness, quality, or availability—all participants feel more empowered and accountable.

### **How does an SLA benefit the shared services center?**

Customers who have a clear understanding about the speed and accuracy with which their requested work will be completed are less likely to be frustrated with how long something is taking or the manner in which it is done. Customers with unreasonable or unclear expectations create greater frustration for everyone—particularly shared services staff who may be asked to complete tasks that fall outside their expertise or outside the bounds of a reasonable timeframe.

Service-level agreements also create transparency and promote a culture of collaboration between the center and its customer base. Consequently, they are a powerful communications tool. Customers who articulate their needs and expectations and come to a mutual agreement with shared services leaders about service levels are much less likely to complain that control, quality, or resources have been taken away from them in the shared services implementation process.

### **This resource contains the following tools to help leaders draft and implement a shared services SLA:**

- 1** Step-by-step process guide for creating an SLA (p. 2)
- 2** Components checklist to reference while drafting an SLA (p. 3)
- 3** Annotated SLA components list to determine what information should be included (p. 4–7)
- 4** Example SLAs from higher education shared services centers (p. 8)

Source: EAB research and analysis.

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## Service-Level Agreement Process Guide

Step	Guidance
<b>1 Determine key performance indicators (KPIs) for services provided by the shared services center</b>	<p>KPIs are necessary to measure the level of service provided to customers. Therefore, institutions should be intentional about choosing the most relevant metric for each service. For example, a transactional process task might use turnaround time as its KPI, while the quality of other services might be measured by response time, accuracy, or degree of compliance.</p>
<b>2 Set service-level goals</b>	<p>When setting targets for KPIs, incorporate input from both staff and customers to find a performance target that balances achievable service levels with customer satisfaction (e.g., 90% of submitted travel expense forms will be processed within 4 business days).</p>
<b>3 Create a draft SLA</b>	<p>Using the checklist on the following pages, formalize the service-level targets into a draft service-level agreement to be enacted between the customer and shared services center. This document should articulate the basic mission of the center, the services provided, and the level of service the center will provide. This will be measured according to the previously selected KPIs. The SLA should explicitly articulate the service level target for each service and the metric by which it will be measured to eliminate ambiguity about the center's obligations.</p>
<b>4 Review draft with customers</b>	<p>Invite customer unit leaders, or a shared services customer advisory council, to review the draft SLA and propose modifications.</p>
<b>5 Modify and finalize</b>	<p>Both parties sign the SLA when each is satisfied with the terms of service.</p>
<b>6 Regularly review</b>	<p>Include a provision in the SLA for an annual review of the agreement, so that both customers and shared services center leaders have a chance to suggest revisions if needed. A regular review mechanism helps customers feel valued and involved in the ongoing work to improve service and quality levels.</p>

Source: EAB research and analysis.

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## Service-Level Agreement Checklist

### SLA Component Checklist

See pages 4–6 for detailed explanations and examples.

#### Core

The following core elements of an SLA outline the fundamentals of service and define the relationship between the customer and the shared services center.

- List of services offered by the shared services center, broken down by task
- Basic boundaries of operations
- Key performance indicators (KPIs) for each task, with target performance levels, e.g.:
  - Response times
  - Accuracy or success rating
  - Turnaround time
  - Compliance
  - Functionality or availability of service or asset
- Shared services center responsibilities
- Customer responsibilities
- Formal complaint process (if the center does not meet the specified target service levels)
- Terms for the regular review of service levels

#### Recommended

The following items are recommended elements to include in shared services SLAs, as relevant.

- An overview of the center, its scope, and mission statement  
*Recommended for articulating shared services' value as part of an additional customer relationship strategy.*
- A list of current partners or customers  
*Recommended as a method of providing "references" to potential shared services clients.*
- Explanation of chargeback mechanisms  
*Recommended for centers with chargebacks for any services.*
- Optional services list  
*Recommended for centers that offer optional services that may be requested for additional fees.*
- Exit clause for opting out of the SLA if terms are not upheld  
*Recommended only if the center needs additional mechanisms for building trust and accountability with customers; otherwise, it carries high risk.*
- Mechanisms for quality evaluation  
*Recommended for underscoring the center's commitment to continuous improvement. Evaluation mechanisms may include annual customer satisfaction surveys or regular meetings of a customer advisory council.*

Source: EAB research and analysis.

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## Core Components of a Service-Level Agreement

Component	Example
<p><b>List of services offered by the shared services center, broken down by task</b></p> <p>Be as specific as possible in articulation which tasks the center will (and therefore will not) perform.</p>	<ul style="list-style-type: none"> <li>• <i>Make travel arrangements on behalf of customers</i></li> <li>• <i>Assist with development of departmental budgets</i></li> <li>• <i>Re-allocate procurement card purchases</i></li> <li>• <i>Collect and process new hire paperwork</i></li> <li>• <i>Process updates to employee information</i></li> <li>• <i>Provide guidance about university finance and HR policies through dedicated inquiries inbox and hotline</i></li> </ul>
<p><b>Basic boundaries of operations</b></p> <p>Explain any parameters around the center’s capacity, like daily operating hours, holidays, or scheduled downtime during busy periods, such as the end of the fiscal year.</p>	<p><i>The Shared Services Center is open from 8:30 AM to 4:30 PM Mondays through Fridays, except when the university is closed. During the last three weeks of the fiscal year, capacity is focused on preparing end-of-year reports, so turnaround time may be slower.</i></p>
<p><b>Key performance indicators (KPIs) for each task, with target performance levels</b></p> <p>Each shared services task should be tracked using a relevant KPI focusing on quality, accuracy, turnaround time, or availability.</p>	<ul style="list-style-type: none"> <li>• <i>90% of purchases will be processed within three business days.</i></li> <li>• <i>Service will be restored to nonfunctional devices and web portals within 30 minutes (Tier 1), 2 hours (Tier 2), or 1 business day (Tier 3), depending on the urgency</i></li> <li>• <i>Finance transactions will be completed with 95% accuracy.</i></li> <li>• <i>100% of employees will be onboarded in compliance with university and state requirements.</i></li> <li>• <i>All inquiries will be answered within 24 hours.</i></li> </ul>
<p><b>Shared services center responsibilities</b></p> <p>Specify any specific obligations of the shared services center to customers.</p>	<p><i>The shared services center will provide customers with timely and consistent access to offered services. The center will notify customers of any scheduled or unscheduled downtime or other circumstances that may affect the availability of services offered. The center will strive to meet all service-level targets specified in this agreement whenever possible, and if it is not able to meet them, it will maintain communication with customers about the reasons for the delay and the adjusted timeline for service delivery.</i></p>
<p><b>Customer responsibilities</b></p> <p>Specify any specific obligations of customer units to the shared services center.</p>	<p><i>Customers will read and understand the service levels specified in the SLA. If service levels are not met or customers are otherwise dissatisfied, they will make a complaint through the complaints process specified in the SLA. Customer representatives will participate in the annual review of the terms of service.</i></p>

Source: EAB research and analysis.

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## Core Components of a Service-Level Agreement (cont.)

Component	Example
<p><b>Formal complaint process</b></p> <p>Provide customers with a method to alert senior leaders if they perceive that the shared services center is not meeting expectations.</p>	<p><i>If the shared services center does not meet the service levels outlined in this agreement, and no reasonable explanation is given, customers should submit a complaint to the center director, Mary Smith, at <a href="mailto:msmith@university.edu">msmith@university.edu</a>.</i></p>
<p><b>Terms for the regular review of service levels</b></p> <p>Establish a mechanism to ensure customers and shared services teams remain satisfied with the service levels provided.</p>	<p><i>Representatives of the customer units will meet with the shared services leadership team in the first month of each fiscal year to review the service-level agreement and make any mutually agreed-upon revisions. The agreement will then be signed and renewed for a period of one year. In addition, during the first year of operations, the shared services center's leadership will hold monthly meetings with the business leaders of each customer unit to discuss center operations and services.</i></p>

Source: EAB research and analysis.

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## Recommended Components of a Service-Level Agreement

Component	Example
<p><b>An overview of the center, its scope, and mission statement</b></p> <p>Recommended for articulating shared services' value as part of an additional customer relationship strategy.</p>	<p><i>The purpose of the Shared Services Center is to provide efficient, timely, and accurate completion of business tasks with courtesy and accessibility. We strive to be a partner to our customer units, providing expertise, quality work, and a helpful attitude. We are aligned with our customer units in our shared desire for academic and professional success for all members of the North Star State College community.</i></p>
<p><b>A list of current partners or customers</b></p> <p>Recommended as a method of providing "references" to potential shared services clients.</p>	<p><i>The Shared Services Center serves the following units:</i></p> <ul style="list-style-type: none"><li>• <i>Office of the President</i></li><li>• <i>Office of the Vice President for Finance</i></li><li>• <i>The Washington College of Arts and Sciences</i></li><li>• <i>The Adams School of Medicine</i></li></ul>
<p><b>Explanation of chargeback mechanisms</b></p> <p>Recommended for centers with chargebacks for any services or customers.</p>	<p><i>There is no charge for services provided to the Shared Services Center's core constituency; however, if you are an opt-in customer unit, there is a charge for FTE hours per requested task, assessed monthly. The chart below outlines the relevant rates.</i></p>
<p><b>Optional services list</b></p> <p>Recommended for centers that offer optional services that may be requested for additional fees.</p>	<p><i>In addition to the mandatory services listed above, the Shared Services Center also provides optional career counseling, document editing, and event planning services. These services are available for any customers to use for an additional charge based on FTE hours. If you would like to make use of these services, please download the request form, check the box of the service you are interested in, fill out any details, and e-mail the completed form to John Doe (<a href="mailto:jdoe@university.edu">jdoe@university.edu</a>).</i></p>

Source: EAB research and analysis.

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## Recommended Components of a Service-Level Agreement (cont.)

Component	Example
<p><b>Exit clause for opting out of the SLA if the terms are not upheld</b></p> <p>Recommended only if the center needs additional mechanisms for building trust and accountability with customers; otherwise, it carries high risk.</p>	<p><i>If the terms of this service-level agreement are not met after six months of operations, and a unit wishes to leave the shared services partnership, unit leaders may fill out the following form requesting a dissolution of the agreement and submit it to the Shared Services Center director. This will release the unit from all obligations to participate in the shared services arrangement.</i></p>
<p><b>Mechanisms for quality evaluation</b></p> <p>Recommended for underscoring the center's commitment to continuous improvement. Evaluation mechanisms may include annual customer satisfaction surveys or regular meetings of a customer advisory council.</p>	<p><i>Once a month, the Shared Services Center Leadership team will meet with the Vice President and representatives of the units served to discuss performance. The Shared Services Center will also distribute a bi-annual customer satisfaction survey to all units and publish the results on the center website.</i></p>

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## Sample Service-Level Agreements

Shared Services Center	SLA Description	Commentary
<p>University of Michigan Shared Services Center</p> <p><a href="#">Download SLA</a></p>	<p>University of Michigan uses a Partnership Agreement that covers many of the same service expectations as an SLA. It is organized around the responsibilities of the center to its customers (“partners”), with provisions for continuous improvement and performance management, in addition to listing services and setting service levels.</p>	<p>University of Michigan’s Partnership Agreement foregrounds the shared services center’s commitment to serving customer units. The agreement frames all center operations in the context of a bilateral, mutually accountable partnership between the center and its customers, maintained via an annual review and revision process.</p>
<p>University of Washington Health Sciences Administration’s Center for Shared Services</p> <p><a href="#">Download SLA</a></p>	<p>UW Health Sciences Administration’s SLA uses a two-column format to pair center responsibilities with corresponding customer responsibilities in a clear and understandable format. This section sets expectations not just for service levels, but also for center operations. A single tiered response time system, prioritized by urgency, is applied to all services.</p>	<p>This SLA blends simplified, visual representations of the center-customer relationship with customer service-oriented language. It articulates clear expectations about center hours and responsiveness, calling out specific tasks with timelines that differ from standard turnaround time.</p>
<p>Tufts University Support Services</p> <p><a href="#">Download SLA</a></p>	<p>Tufts Support Services’ SLA is one page and is organized in a unique matrix format, mapping all provided services onto tiers of response times depending on the urgency of the request.</p>	<p>Tufts’ SLA bypasses many of the long passages about mission statements and service boundaries in favor of a simple visual representation of response time. While this approach may not be as client-friendly for a newly established shared services center, a university with longstanding shared service organization and a secure relationship with the customer base may find a simple SLA easier for customers to parse.</p>
<p>University of California, San Francisco Human Resources</p> <p><a href="#">Download SLA</a></p>	<p>UCSF’s SLA describes shared services responsibilities across staff, academic, and research services, with an additional section on overall service commitments and the roles of each stakeholder.</p>	<p>UCSF’s SLA specifies not just the services provided, but how they improve upon the previous service delivery model. The SLA articulates the organization’s value to its customers and includes future service goals.</p>

Source: EAB research and analysis.