



SHARED SERVICES:

Value-Added Service Level Agreements

| STEVE PARKER

In previous articles we have touched on the importance of Service Level Agreements (SLA) and how they can impact customer and employee performance in an HR Shared Services (HRSS) environment. On the customer side of things, SLA's drive expectations and provide a means of measuring the HRSS service delivery. On the employee side they again set expectations and establish a means to protect the team from unreasonable demands. But how do you set them up in the first place and then manage to them?

In our May 2009 newsletter we highlighted a rather unique view of measuring service, or SLA's, by trying to establish a value to the customer. Key areas to try to measure that were raised in that article included:

- Has quality and service delivery improved?
- Has the client been able to get to more value-add work?
- Has overall headcount been maintained or reduced throughout the enterprise?

The first area is usually the one everyone tries to tie to SLA's. It is often expressed as cut off times for transactions, turnaround time on questions, accuracy of delivered services, and number of open calls or issues. While useful to measure specific performance and set expectations, it does little to evaluate the true value of the shared services function to the business.

To measure this 'softer' side of the value provided by your HRSS, it is useful to reach into the customer base and set up business-oriented agreements as part of the SLA process. For example, if you are taking on 50% of a business unit's transaction processing, why not set a metric that turns that potential reduction into hard savings? Perhaps it could be expressed as a certain

number of hours or a percentage of a full-time equivalent resource. There are undoubtedly several other areas that can be discussed and incorporated into your SLA's with your customers.

So why do it this way? As opposed to the more process-oriented SLA's, measuring such value-added improvements help the entire business realize the benefits of the HRSS function. Reductions in the amount of time spent by the customer in performing work that you now do provides them with the opportunity to address other work, redeploy resources to other areas, or perhaps avoid having to hire additional staff. So measure it. Those savings can be equated to hard dollar cost reductions or opportunities that are of value to the business overall. What this also does in effect is to hold the customer accountable to deliver to the business the savings they said they would. Often organizations do not look into these projected or perceived savings that were originally anticipated and thus miss the opportunity to really see the value.

Don't let that opportunity pass you by when you look to establish your value-added service level agreements. These areas are often far more important to your success and the business overall than tracking the close rate on calls. 🌐

About the Author: Steve Parker is an Executive Consultant and Vice President of North America with Jeitosa Group International. He has over 30 years of experience in strategizing and managing large-scale HRMS implementations for both global and domestic organizations. He can be reached at steve.parker@jeitosa.com.