Service level management (SLM) is considered to be one of the core processes in any IT service management framework, and many practitioners recommend implementing or improving SLM prior to any other process. It provides the main channel of communication between the customer and service provider regarding the quality of service provision, and is essential for ensuring that all underpinning processes are appropriate for the agreed service level targets.

Aligned with the Cabinet Office’s best-practice guidance on IT service management (ITIL 2011), this practical guide on SLM turns ITIL theory into practice, providing practitioners with the information they need to implement SLM successfully into their businesses. Structured according to the ITIL service lifecycle, the author outlines how to plan for, design, transition, operate and improve SLM. Sharing personal experiences, he provides a unique insight into how to tackle SLM, explaining what the challenges are, how to anticipate them, and how to overcome them.

This is a must-read companion for the successful implementation of SLM into any organization wishing to enhance their level of service provision.
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Preface

People ask me if I like to travel. Well, I like meeting new people and visiting new cultures, and I like escaping my daily routine and going on vacation, but all of these usually involve going through numerous airport security checks, which I don’t like at all.

Recently, I flew from New York to Toronto. My flight was scheduled to depart at 6:30 p.m. and arrive at 8:00 p.m. The chaos in the airport was unbearable: it was difficult to get hold of the desk attendant; flights were being cancelled; and departure gates were being changed by the minute. Our plane finally left the gate at 7:00 p.m., and then taxied for more than an hour and a half until we were airborne at 8:30 p.m., to land in Toronto at 9:30 p.m. Many people missed their connecting flights and were forced to stay the night in the airport. Toronto was my destination but I, too, was delayed a while longer, as local immigration officials decided to take me through some additional inspection. Needless to say, my plans for the evening were ruined.

Examined through service management standards, my flight experience failed every single metric: response time, resolution time, performance, availability and, above all, customer satisfaction. This happened for one simple reason: there was no alternative service.

The objective of service level management (SLM) is to defy precisely that outcome. The process goal is to interface with the customer and ensure their satisfaction. SLM is a core ITIL process because it examines the actual quality of service as the customer perceives it and how happy the customer is with it. ‘Happy’ is not an IT term and cannot be tracked by a monitoring tool, and that is why SLM is different from other processes.

You can have a service level agreement (SLA) report showing 100% scores for every objective, but if your customer satisfaction is lagging, you must start a new record in your continual service improvement (CSI) register and prioritize this item. Likewise, you may have an SLA report indicating warnings and even breaches in some of your objectives, but if your customers are happy, you must be doing something right.

To be a successful service level manager, you will need to be attentive to your customers’ needs, maintain complete and relevant documentation, and negotiate and track your SLAs to improve your process. In this publication I will show you how. I will take you step by step through the necessary action for successful implementation of SLM. I will help you to foresee coming challenges, and learn how to overcome them. I will also reveal the ‘secrets of the trade’, providing you with behind-the-scenes experiences, recorded by first-hand practitioners.
The air travel nightmare that I mentioned earlier required the cooperation of three different entities – security, airport and airline – to produce and maintain its unusual level of customer stress and discomfort. But, unlike airline passengers, your customers have alternatives. If you want them to continue using you as their service provider, they must experience a positive service performance. You have no choice but to establish a best-practice SLM process. Your competition does.
This book is dedicated to my parents, Yehiel and Ora Nahari.
1
Service level management overview
1 Service level management overview

1.1 UNDERSTANDING SERVICE LEVEL MANAGEMENT

1.1.1 Defining service level management
Service level management (SLM) is the process that provides the main channel of communication between the customer and the service provider regarding the quality of service provision. In a utopian world, service providers provide services to the customer that support their business activities, meet agreed service level targets, and are cost-effective. However, we don’t live in a utopian world. A formal process is needed to provide a continual dialogue with the customer regarding the fitness for purpose and achieved service levels of delivered services, and to ensure customer satisfaction on the one hand is balanced against efficient service provision on the other.

ITIL defines SLM as the process responsible for negotiating achievable service level agreements (SLAs) and ensuring that these are met. It is responsible for ensuring that all IT service management processes, operational level agreements (OLAs) and underpinning contracts (UCs) are appropriate for the agreed service level targets. SLM monitors and reports on service levels, holds regular service reviews with customers, and identifies required improvements. Although the definition identifies the core activities and more tangible elements of the process, there are other underlying elements that this publication details. When I lecture on SLM, I emphasize additional topics such as relationships, communication, customer perception and other relevant abstract elements – topics that are fundamental to SLM and should be defined and transformed into concrete activities within the process.

Documenting, negotiating, agreeing and monitoring the quality of services, while important, are merely activities that support the overall objective of managing the relationship between the customer and the service provider regarding the provision of services. Relationships, communications and customer perceptions, when integrated with these activities, are the key to building a truly productive relationship based on trust and quality.

1.1.2 Service level management and ITIL
SLM is considered one of the core processes in any IT service management framework. While incident management and the service desk function are usually the first to be implemented in organizations wishing to advance their ITIL maturity level, today we see an increasing number of organizations realizing the significance and value of SLM in accelerating their efforts and, as such, moving the SLM process up the queue for process implementation.

Many ITIL consultants and practitioners recommend implementing or improving SLM prior to any other process. This might sound extreme at first, but those who have experience with implementing SLM will agree that it exposes gaps in the service delivery environment, including gaps in established processes. For example, an organization that initially implements incident...
management will utilize best practice and customize the process to meet the specific needs of the organization while at the same time assuming that, with time, the process will adjust to meet those needs. Unfortunately this is seldom the case, and often process implementations stagnate or even deteriorate as time passes.

With an established SLM process, important inputs from the process would have assisted in getting the incident management process right first time. For example, a detailed understanding of customer requirements, critical services, and service improvement prioritization are only a few of the many important inputs that would focus the efforts of implementing an incident management process – or, for that matter, any ITIL process. I will refrain from stating that SLM is the most important process in ITIL; however, it is the process that has the closest relationship with the customer and continually monitors not only the actual quality of service but the customer’s perceptions of quality and value for money.

The SLM process belongs to the service design stage of the lifecycle, but it’s important throughout the operational stage as well. ITIL defines a service lifecycle that positions SLM in the design phase. This is a very interesting discussion point. Services are strategized through processes such as service portfolio and demand management, which clearly belong to the service strategy phase. Service catalogue and availability management assist in completing the design of the services addressed in service strategy. SLM is indeed a process that assists in the design phase and in fact is one of the primary factors in developing the service catalogue.

Not to dispute the fact that SLM belongs in service design, it is imperative to understand that SLM is an important factor in the service operations arena too. SLA monitoring and service review are prominent operational activities, along with assisting with critical incidents and developing root cause analysis of incidents and problems. The service desk works closely with SLM to interface with end users on an operational level. Therefore, when analysing SLM, make sure to define the process as two-pronged: a process that defines services but also supports the ongoing delivery of services.

Finally, in consideration of the continual service improvement stage of the service lifecycle, I should explain my use of the terms ‘continual process improvement’ and ‘continual service improvement’. When talking about ongoing improvements to the SLM process (and not the wider service), I use the term ‘continual process improvement’. However, when describing the activity in the context of the ITIL service lifecycle, I use ‘continual service improvement’, in keeping with the correct name for that lifecycle stage.

### 1.1.3 Scope of service level management

Traditionally, SLM was the process that owned the SLA, generated service performance reports, and developed the OLAs and UCs. As important as those components are, you will learn that the scope of SLM has matured in recent years, promoting it to the level of vital contributor to a healthy service management environment. The service level manager is no longer an analyst expected to document services and their performance. The service level manager today is expected to carry out management tasks, such as building a relationship with the customer, and
negotiating terms and conditions of service quality, and is a respected figure amongst the technical delivery teams.

**Example**
A customer uses an application which stores financial elements to support the business. The customer expects to have the application available 24/7. The service level manager works with the service provider to detail the resources required to support the customer’s service level expectations. The service level manager discusses with the customer the true requirements of the service. The meetings with both sides (customer and service provider) reveal that the business requires only 9 a.m. to 5 p.m. availability and that the cost of support for the application increases significantly during the weekends.

The service provider also indicates that providing support for the application between 5 p.m. and 8 p.m. does not require additional resources. When the customer realizes the increased cost for weekends and night hours (after 8 p.m.), it declines the offer and agrees for the services to be provided during normal working hours only. This type of ‘negotiation’ results in availability of the application from 7 a.m. to 8 p.m. during weekdays.

SLM ensures that services are designed to perform as required by the business and governs those who provide the services to ensure that services are provided as agreed with the customer. This point is important to understand. SLM does not strive for 100% availability of a service but, rather, strives to meet the agreed availability level. The customer will always want a 100% performance for all services; however, it is the responsibility of SLM to agree on service levels that encompass not only the customer’s requirements but also two other important attributes: business requirements and cost (see example provided).

The example illustrates the essence of SLM. This is a process that no longer concerns itself only with maintaining the SLA and generating reports. SLM ensures that services are provided according to the business needs, promote efficiency and are cost-effective. This is achieved through an effective communication platform that SLM provides.

### 1.1.4 The service level management process

In this publication, the SLM process is broken down into five steps, as shown in Figure 1.1.

![Figure 1.1 Service level management process](image-url)
Each step in the process is considered a process in its own right, or a sub-process of SLM. As Figure 1.1 shows, the SLM process is made up of five interconnecting sub-processes or activities, which are described as follows:

- **SLA management** The SLA management sub-process focuses on agreements of service level measurements, targets and conditions. The goal of this process is to create a formal documented agreement between the customer and the service provider regarding the quality of service provision from the customer’s perspective. The resulting SLA defines the critical service levels and key measurements of the overall service provision. This process does not end with the signing of the SLA; rather, it is an iterative process in which the SLA is continually reviewed, adjusted and agreed to ensure quality measurements are relevant throughout the service provision period. The SLA management sub-process utilizes OLAs, UCs and service level requirements (SLRs) to support the SLA.

- **Monitor and report** Monitoring and reporting service quality is based directly and strictly on the conditions defined in the SLA. This activity is one of the three ongoing activities of the SLM process, the other two being service review and the service improvement plan (SIP). The three of them are essentially integrated and coordinated throughout the SLA review period (typically a month). SLM reports achieve service levels against agreed service level targets, which are presented and reviewed in the service review meeting. Service review meetings result in items for improvement that are subsequently managed through the SIP.

- **Service review** The service review meeting is not just another regular meeting that is placed on the customer's and the service level manager’s calendar. Service review meetings are essential to the overall process and provide an opportunity for both parties to build and maintain strong relationships, review SLA results and follow up on service improvement activities. There are specific inputs and outputs for the service review sub-process and a structured agenda to the meeting, and it cannot be stressed enough how important it is to design this process as effectively and productively as possible.

- **Service improvement plan** The SIP sub-process is designed to allow the service level manager to effectively convey to the customer what is being completed regarding degraded or disrupted services. The SIP utilizes the continual service improvement (CSI) register to communicate to the service provider the customer’s expectations and prioritization of action items.

- **Continual process improvement** All aspects of SLM are subject to process improvement. Improvements are not only performed at regular intervals but can also occur reactively, being triggered by operational events or proactive measurements such as assessments and a key performance indicator (KPI) review. These improvement activities are considered to
be background processes that are aimed at improving the overall effectiveness of the SLM process.

In Part 2, which deals with service design, you will find elaborate definitions of the above processes, and in Part 4 on service operation, each process is defined in terms of its functions, goals and activities. Finally, Part 5 on continual service improvement details the theories and practical activities involved in continually improving the SLM process.

1.1.5 Outsourcing engagement versus enterprise

SLM provides the means of communication between a service provider and its customer. The basic assumption is that within any service environment we can identify a function, a process or personnel that provide services. Within the same environment we can identify a function, a process or personnel that receive the services. The structure and size may differ but the main two actors in the service arena are the service provider and the customer.

This publication provides one standard SLM process that strives to fit all organization structures. However, there are two service structures that sometimes require special attention: outsourcing engagement and enterprise. They are defined as follows:

- **Outsourcing engagement** In this type of an environment the customer is an organization that outsources services to an external service provider. For example, a financial institution contracts with a large IT service provider to supply internet access, security services and operational support.

- **Enterprise** In this type of an environment the organization utilizes an internal service provider for its IT services.

When considering SLM, ignoring the difference between these two service structures (outsourcing engagement and enterprise) is nothing short of reckless. However, it is important to note that SLM as a process is almost identical in both environments and, when a difference does occur, I will point it out and guide you on how to address the matter, whether in an outsourcing engagement or in an enterprise.

1.2 PUBLICATION OBJECTIVES AND TARGET AUDIENCE

1.2.1 Who should read this publication?

*Secrets of Service Level Management* serves service level managers, ITIL practitioners, IT service management consultants or any individual who aspires to implement or improve SLM as a process. It is *not* an ITIL theoretical or foundation publication; rather, it includes advanced material that will allow practitioners to precisely design and implement elements that support SLM.

1.2.2 How this publication is different

Many publications that provide guidance on the ITIL framework focus on defining the processes, activities and objectives. Here I provide you with practical guidance on how to implement the process and activities and how to achieve your objectives.

In this publication I approach an element, define it, and continue with detailed guidance on how to achieve the ideal implementation of that element. I have made the text easy to read, drawing on the
knowledge of practitioners with years of experience of how to do and, sometimes more importantly, how not to do something.

*Secrets of Service Level Management* is a practitioner guide on how to successfully implement an effective SLM process, how to take the theory of ITIL and convert it into practice, and how to plan and execute process improvement. I also explain what the challenges are, how to anticipate them and how to overcome them.

1.3 HOW TO USE THIS PUBLICATION

1.3.1 Publication structure

This publication adopts the ITIL service lifecycle approach. It assumes that in order to implement a process the same steps must be followed as when implementing a service. Firstly the process must be strategized, providing input into the design activities of the process. The subsequent design is then transitioned into its operational state, where the process activities are being executed. The process of implementation is not complete even in its operational state. ITIL suggests a cyclical structure to its lifecycle, signifying that continual service improvement is performed throughout in order to ensure that the process is adjusted for ever-changing service environments and the improvement of local failures (see Figure 1.2).

The chapters of this publication are arranged in accordance with ITIL lifecycle phases. The following describes the content that can be found in each lifecycle phase.

- **Service strategy (Part 1)** Chapters 2–4 provide an overall understanding of SLM and how to position it within the IT service management framework. In Chapter 3, you will find the tools to define the vision and the objectives of the process, and learn how to produce key deliverables including the process charter, service level manager job description, critical success factors (CSFs) and key performance indicators (KPIs). Chapter 4 provides a practical roadmap for implementation, based on a gap assessment.

- **Service design (Part 2)** When you reach this phase, it is assumed that your strategic elements have been established, and that you have defined your vision and the process objectives.

![Figure 1.2 ITIL service lifecycle](image-url)
In Chapters 5–11 we examine process elements, including the overall SLM process, resources and functions, SLA structure, service performance measurements and much more. At the end of Part 2, you will hold precise definitions for all tools and procedures of SLM. The design chapters recognize that each organization has its own culture, requirements, procedures and constraints. The guidance provided here will allow you to customize processes and deliverables according to your specific needs.

■ Service transition (Part 3) A completion of your design activities does not necessarily mean that you can start executing the activities that you define. Service transition assists you with transitioning those elements that were designed in service design into their operational state. Service transition typically takes the form of a project and therefore many of the activities and terminologies are borrowed from the project management world. Part 3 (Chapters 12–13) will help you organize all the tools, templates and activities that must be addressed before they are utilized in production.

■ Service operation (Part 4) Chapters 14–19 detail those activities that are performed on an ongoing basis by SLM. The chapters address SLA management, service review meetings, SIP, service reporting and much more. Part 4 also includes detailed procedures and guidelines to manage the process through risk management and stakeholder management.

■ Continual service improvement (Part 5) SLM is continually subjected to improvement needs. Reactive improvements may be carried out to fix an activity or a product that is underperforming locally. Proactive improvements are activities carried out to prevent failures that may put the process at risk. Part 5 (comprising Chapter 20) provides you with frameworks to assist with ensuring that SLM is always on the right path and is continually improving the service environment.

1.3.2 Publication language

I have written this guide in a straightforward and personal style, attempting to ‘talk’ to the practitioner and explain the matter at hand. I aim to act as a mentor to the practitioner and guide them through each activity, acknowledging the fact that many practitioners are international, multicultural professionals whose first language is not necessarily English.

The publication will refer to ‘you’ as the reader in many roles. Sometimes I will refer to ‘you’ as a service level manager, sometimes as project manager and sometimes as an IT service management (ITSM) practitioner. The term used in a particular instance has low significance and I recommend you not to be tied to the role referred to but rather to the method being presented.

There are many terms and definitions that are used differently across organizations, and it is not within the scope of this publication to challenge the correct usage of such terms and definitions. For example, the service provider in some organizations is the IT department or the IT operations or supplier. Similarly, customers may be broken down by functions, departments or business units; but they are still the receivers of the services and are referred to mostly as ‘customers’.

In some instances an effort has been made to distinguish clearly between different meanings of terms and definitions where confusion may arise if an inappropriate connotation is likely. For example, the definitions of ‘customer’ and ‘user’ are
occasionally confused. The customer represents a group of users (or end users), signs agreements and pays for the services. The user consumes and merely uses the service on a day-to-day basis.

1.3.3 Reference guide

*Secrets of Service Level Management* covers all aspects of SLM and positions the activities in a logical order for implementation. It is recommended to initiate the implementation with strategic activities that will lead to effective design work and so on. In an ideal world the reader will read the entire publication from start to finish in sequential order. However, this publication dedicates chapters and sections to address process-essential aspects. This allows you to go directly to the chapter that addresses the issue you are looking to learn about. For example, if you are interested in establishing an SLA according to best practice, it is not necessary to read from the beginning until you reach Chapter 8. You are encouraged to use the table of contents or the index to search for topics of interest.

1.3.4 Secrets of the trade

I wrote *Secrets of Service Level Management* with the help of SLM practitioners, solution architects and consultants who dedicated time, outside their daily work, to document the actual practices of implementation of the SLM process. In this publication you will find ‘secrets of the trade’ that allow me to share the personal experiences and perspective of these practitioners on the topic in hand. ‘Secrets of the trade’ show an insight into the world of those experts, providing you with tips regarding the practicality of implementing SLM, and on tackling and overcoming unforeseen challenges.

Secrets of the trade

As a subject-matter expert, I have been engaged by many organizations to oversee SLM implementation projects. The conclusion that I have drawn from the many projects I have worked on is that every organization introduces its own definitions and expectations of SLM. My early aspirations to standardize the concepts of SLM across organizations have proven to be futile. As I matured through education and experience, I learned to appreciate this fact and to see the positive in it. Ultimately, organizations develop their own unique culture and seek their own unique targets.

Being aware of this has led to a change in my strategy as a consultant. Rather than attempting to convert my customer’s view of SLM, I began to adjust existing procedures towards the vision of the organization.

1.4 IMPLEMENTING SERVICE LEVEL MANAGEMENT

My mother is a great cook. My friends used to enjoy many dinners at my house. My friends’ mothers used to ask my mother for recipes that ended up not tasting the same. When my mother was asked about it, she always delivered the same clichéd statement, ‘Love is the secret ingredient’.

Effective SLM is much more than a comprehensive SLA, colourful reports and elegantly formatted documents. All those instruments are simply enablers of the process objective, which is to provide channels of communication between the service provider and the customer and to increase
customer satisfaction. The process instruments, which are essential, will not lead to a successful process without the secret ingredient – relationship.

If you are a practitioner or service level manager preparing for process implementation, always keep in mind the overall goal of the process: positive customer perception of service provision. The processes and functions that you design must be the basis of this approach.

Prior to the initiation of the implementation, you should consider the following guidelines:

- **Communication**  SLM must align its activities with the strategy of the company. Therefore you must establish a channel of continual communication with senior management, utilizing business relationship management, service review and service relationship management. You must ensure that a process is in place for information to flow both ways, from senior management to SLM and vice versa.

- **Service lifecycle**  This publication offers you best-practice implementation methods based on the ITIL service lifecycle: strategy, design, transition, operation and continual service improvement. It is tempting to skip activities that are not familiar to you – assessment, envisioning, CSFs, KPIs etc. – and start directly with common activities (SLA structure, service review). However, the activities documented here are based on experience that is both practical and beneficial. Each chapter starts with a theoretical discussion explaining the added value the chapter is providing. You are recommended to read through the introductions and overviews, and determine whether the activity suits your organization and whether it will generate the desired results before deciding to omit it.

- **Budget**  The scope of implementation is inevitably constrained by the budget allocated for the project. It is realized that some activities cannot be performed due to lack of funding. For example, assessment and envisioning requires the outsourcing of external consulting groups and the advanced SLA compliance report entails the procurement of expensive software. Your challenge is to work around your budget and define those activities that are short-term goals to start working on, and those that are considered expensive and to be aimed for as long-term achievements.

- **SLM financials**  Advanced service management practice demands that service provision should be tied to sound cost management. The chargeback system and service level penalties are direct results of this approach. In Chapter 10, you will find detailed and comprehensive guidance on how to establish those financial practices that are required by SLM. You should keep in mind that those activities do not exist in a void: your organization must provide supporting processes and functions to enable costs for services to be recovered or to penalize service providers for breaching agreed service level targets. We witness many service level managers who have battled unsuccessfully against organizational culture and senior management. In this case, and in any case that causes resistance, prepare yourself for the long ride, which will include the development of a business case, stakeholder management, internal politics and plenty of patience.
It is hoped that this publication will help you appreciate SLM as a process that, beyond tracking service levels, provides a platform of communication and networking, influences customer perception, and is a key contributor to the overall health of the service management environment. Good luck in your forthcoming design and implementation activities, and let’s get to work.
Service level management (SLM) is considered to be one of the core processes in any IT service management framework, and many practitioners recommend implementing or improving SLM prior to any other process. It provides the main channel of communication between the customer and service provider regarding the quality of service provision, and is essential for ensuring that all underpinning processes are appropriate for the agreed service level targets.

Aligned with the Cabinet Office’s best-practice guidance on IT service management (ITIL 2011), this practical guide on SLM turns ITIL theory into practice, providing practitioners with the information they need to implement SLM successfully into their businesses. Structured according to the ITIL service lifecycle, the author outlines how to plan for, design, transition, operate and improve SLM. Sharing personal experiences, he provides a unique insight into how to tackle SLM, explaining what the challenges are, how to anticipate them, and how to overcome them.

This is a must-read companion for the successful implementation of SLM into any organization wishing to enhance their level of service provision.