



# Expectations are Good

A Perspective Into SLA Management and Customer Expectation



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## Summary

'Expectations,' in a business context, usually bring with it a sense of ownership, pressure, and responsibility that one needs to take up or assume and almost always the desired outcome has to be positive. In different forms of business and relationships, expectations mean many things and its perceived value has a long-term impact.

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Over the next decade, nearly 75% of all employees will comprise of millennials and Gen Y. Millennials have set new benchmarks for what can be construed as meeting and exceeding expectations. With employees expecting consumer-level online experiences even within organizations, in the evolving landscape of business and relationships, the ability to consistently redefine how expectations can be met will be tested. **In the context of ITSM, customer expectation and revenues have a linear relationship, and even incremental improvements to meeting expectations result in positive revenue impact.**

It is, therefore, prudent to build SLA and corresponding customer expectation matrices that look into the full value chain of touchpoints that IT services are built upon in organizations rather than piecemeal strategies.

**While SLAs are generally accepted, accurate representation of resolution and capabilities, meeting target SLAs do not equate to true customer satisfaction.** However, SLAs become a benchmark that can define the processes and protocols which govern the purpose of each and every IT service.

In our effort to define how to bring these two elements together, we looked at our learnings over the past few years, industry data, and reviewed our thoughts with industry experts which led us to some of the following key takeaways:

- ◇ *Is there a correlation between SLAs and customer expectation?*
- ◇ *Reactive measures to proactive iterations – is customer satisfaction your top priority today?*

## SLA and Customer Expectation

ITIL defines service-level agreement (SLA) as an official commitment that prevails between a service provider and the customer. Particular aspects of the service – quality, availability, responsibilities – are agreed between the service provider and the service user.

In an ideal world scenario, an SLA will, in effect, be an overarching benchmark that defines how a task or service gets executed, within a specified timeframe and within the confines of accepted protocols and practices. But the question to ask in today's business context – are SLAs really just guiding principles that keep tasks, people, and management in check? Or is there a deeper meaning that binds businesses and people within the gamut of what SLAs capture in business as usual?

For example, in the consumer space, such as eCommerce, an SLA could be defined by the timeliness, quality, and the overall experience of the service rendered to a consumer. At an emotional level, consumers place their trust on the service even before they receive it. From the perspective of the business, an SLA-based service is measured largely in terms of time and the importance or impact of rendering the service. The overall experience may also perhaps be garnished with a loosely-defined customer experience quotient that is mostly measured by the sum of all online interactions.

In this example of meeting an SLA, 9 out of 10 times that a service gets rendered well within the predefined timeframe is not an earth-shattering achievement. It is rather a bare minimum expectation – something that is table stakes today. However, flip the outcome, don't meet customer expectations, and it will most definitely cut a sorry figure for any brand today.

Consumerization has played a critical role in defining why meeting expectations and consistently improving experiences has a direct impact on revenue and the brand overall.



↑ 17%

### Growth in revenue

*Forrester's CX Index™ indicates that companies that lead the way in defining customer experience grew their revenues by 17% compared to 3% by laggards between 2010 - 2015.*

When we pivot this framework to within the enterprise, fundamentally, I&O leaders define and map the purpose of IT organizations with the business vision. The translation and execution of this purpose are directly linked to how employees perceive and experience IT services.

The idea of attaching SLAs to any task across any business function is to inculcate a relationship and establish trust. Breaking or not meeting SLAs could result in the **breakdown of relationships that, in turn, have far-reaching ripple effects.**

The complexities start compounding in multi-channel and multi-touchpoint customer journeys.

*A study by McKinsey revealed that across industries, the performance on journeys is substantially more strongly correlated with customer satisfaction than performance on touchpoints. Even if at each touchpoint the experience is great, in its entirety, the journey may not reflect highly satisfied customers.*

At our recently concluded **Refresh:IT conference** in **London**, a holistic perspective of customer satisfaction was a key discussion topic amongst customers and industry analysts. “Don't limit SLAs to support. Consider end-to-end service,” said Roman Zhuravlev from Axelos, “SLAs are based on requirements. Agreed requirements are always less than expectations behind them. Measuring against SLAs does not, therefore, replace measuring satisfaction. Mind the gap.”

Daniel Breston from Qriosity discussed how SLAs typically have issues such as, “No constant review process, no metrics that matter, and no owners.”

Meeting an SLA is not the alpha and omega of all measurements that defines the effectiveness of IT organizations. They are rudimentary and based on requirements set while defining outcomes of IT services. In isolation, these metrics in today's context have very little impact on customer satisfaction, as defined in the eCommerce industry example. SLAs are vital for setting and managing customer expectations.

But meeting and exceeding SLAs doesn't necessarily swing the needle positively in overall customer satisfaction.

# An SLA Checklist Built Around Customer Expectation

Defining a comprehensive SLA and process is the first step to ensuring the business goals and IT are well aligned. In most cases, users/customers will end up defining expectations, if the business fails to do so, and more often than not, they will not be met.

Building a comprehensive SLA cannot be a templated approach. As with each organization's unique goals and resources, SLAs must be carefully defined such that they access the organization's resources and strengths, address and mitigate the shortcomings while ensuring the continuous exceeding of customers' expectations.

The following is a checklist that aims to address a few of the many considerations that go into creating a comprehensive and effective SLA structure whilst keeping in mind how it is intertwined with customer satisfaction.



## A clear mission

Defining mission statements for the IT organization is one of the best methods to ensure there is a clear alignment with the overall organizational vision and mission. *Why does the IT org exist? What are its responsibilities? How will it empower the organization to achieve its business goals?* Document a clear mission statement that forms the fabric of your organization's service desk. Ensure that your mission statement (and perhaps even the roadmap) is believable, achievable, and implicitly followable by the service desk team members.





## Scope of the service desk

*'What services can we and can't we provide as a team?'*

Defining the gamut of services to be made available is the first step to creating a strong SLA structure. Consider this stage as an opportunity to take a long, hard look at the standard of any existing services and prioritize on bridging the gaps where needed. While documenting scope, include service exceptions, special cases, grievance redressal, escalation policies, and contingency plans.



## Stakeholder buy-in

SLA setting must be an organization-wide exercise.

The complex inter-departmental relationships necessitate that all departments involved must be represented. Direct involvement of all teams is thus imperative and a chance to map out the various roles, responsibilities, and requirements at provider, customer, and even management levels. Attempting to reach consensus helps foster healthy relationships, mutual respect, and ownership between stakeholders. Defining clear escalation matrix will identify the roadblocks/anomalies in the case of SLA breach.



## Metrics, reporting, and cost

Defining the qualitative and quantitative measures are a no-brainer in the SLA drafting process. Metrics are more than just operational and performance-related data and must include a plan that cover additional KRAs at team levels, reporting frequencies, a list of reporting stakeholders at all levels, and roadmaps for the future. Cost is another key factor that determines outcomes at many stages of this checklist. For example, the cost difference between 4-hour response and 1-hour response is significant. Unreasonable expectations arise from lack of clarity in terms of the cost to deliver the desired outcome. Then it becomes a negotiation.



## Transparency and feedback

Transparency, especially in tense situations, helps create trust at both stakeholder and customer levels. Being accepting of mistakes prevents 'passing the buck.' Strained relationships between teams usually have a ripple effect at customer experience and overall satisfaction levels, and not in a positive way. In such cases, regular updates and empathy have a better chance of winning back understanding and trust.

It's essential to open channels that facilitate feedback from all stakeholders. Many organizations are wary of negative feedback. They must instead see those as opportunities to bridge gaps in the overall customer experience and strive towards the greater goal of continuous improvement. Learnings must be incorporated as part of the regular SLA review and setting process.

## Lean More Towards Customer Satisfaction

An expectation, in any relationship, is one of the best indicators of the health, maturity, and overall direction in which it is headed. The consumerization of IT has had a significant impact on how IT services are being consumed and carried out. The always-on culture places even more pressure on IT departments that look at legacy metrics and aging methodologies to measure the impact and effectiveness of IT services. However, it's never been easier to measure and witness the impact of IT on top-line growth and bottom-line efficiency.

Customer expectation and SLA are two extensions to customer satisfaction. Constant communication in a multi-channel, multi-touchpoint environment is critical to ensure service desk professionals set the right expectations and deliver on them, whilst creating processes that make it repeatable. Tying this back to efficiency, expectation setting enables transparency and helps I&O leaders with the right input to alter the levers of growth with external stakeholders (outside the IT org), and provides contextual insights to build scalable services structures.

**While many would argue the efficacy of setting expectations or even SLAs in today's business context, we believe prudent SLA definition and execution, with constant communication, form the basis for continuous uninterrupted service delivery and on-time resolution. Over time, expectations become benchmarks, which in turn, form the premise and starting point from where customer satisfaction begins.**

**Expectations are good.**