Develop an HR service level agreement

Overview

What is a human resources consultancy service? Why should we manage this? How can an HR Manager use a successful and effective consultancy service to demonstrate how HR adds value to an organisation? This learning resource will discuss these issues and help you understand why the concept of providing a consultancy service to clients (internal or external) is considered best practice and integrated into HR strategies as part of an organisation's strategic plan.

Key terms

Service level agreement
SLA; a formal agreement between two parties which documents the type of HR service one party will provide to the other in the workplace environment. An SLA will also include performance standards or measures as well as how this agreement will be monitored and evaluated for its effectiveness.

Strategic plan
A plan that details future directions at a macro level for an organisation - sets the long term goals with broad outlines of how these goals can be realised.

Operational plan
A plan designed to meet the short-term goals of the organisation, usually a sub-set of a strategic plan.
What is a consultant?

By way of a couple of definitions, a consultant may be described as:

"One who provides specialist advice and assistance (which may include recommendations and/or suggested actions) to assist the client in achieving their goals and objectives." (Smith, p.8)

"A consultant is a person in a position to have some influence over an individual, a group or an organisation, but who has no direct power to make changes or implement programs." Block (1981)

An internal HR consultant is one who is employed by an organisation to provide specialist advice, recommendations and assistance to other staff (usually line managers or supervisors) to assist them in achieving their goals and objectives.

An external HR consultant is one who is appointed from another organisation to assist line managers and supervisors in achieving their goals and objectives.

There are some subtle differences between how the two types of consultants operate.

As an internal HR consultant, the staff member has a longer term, ongoing relationship with his/her clients (applies to all staff, but interaction usually focuses more on the line managers and supervisors in their organisation). As they are part of the organisation, internal HR consultants usually have a good grasp of how the business operates, what the internal politics are, what the organisational culture is like, and what the strategic direction of the organisation is. This is all very useful background information for providing consultancy advice on HR issues to clients. One important aspect that the internal consultant always needs to keep in mind is that they will need to have an ongoing working relationship with their clients - therefore the need to maintain good rapport with their clients is critical.

Some issues that an internal consultant may need to overcome are:

- being brought in to make a wayward manager toe the corporate line.
- the philosophy of "what you don't actually pay for, you don't value" - meaning that in some managers views, you are not as effective or knowledgeable as an external consultant.
- being so helpful that the level of demand for services cannot be satisfied.

As an external HR consultant the relationship is slightly different. External consultants need to work hard quickly to establish the rapport with their clients in an organisation. This is a critical aspect for them - without the overt cooperation and assistance from the people they need to work...
with, they will not be able to achieve their objectives. They also need to quickly find out how the business works, and the strategic goals and vision in order to ensure any recommendations are in line with what the organisation is trying to achieve.

External HR consultants can offer fresh perspectives on issues relating to policy, procedures and work practices. This can often mean that they may have more leverage in being able to openly question or debate "how things are" - and often this may well be the reason that an external consultant has been commissioned.

Think

- When would it be appropriate to engage an external HR consultant, rather than using someone already employed in an organisation?
- What would be the most important issues to consider when engaging a consultant?

The move from the HR department to internal HR consultancy

As organisations continue along the continuous improvement process of streamlining, downsizing and restructuring it becomes more apparent that the corporate services or support areas of organisations need to justify their existence in terms of the value that they add to the organisation's core business and strategic objectives.

In line with this, HR best practice involves the shift from having an HR function that sits to one side of the organisation to one that is more in line and integrated with the core business. As CEOs and Boards of Directors consider the strategic functions of their organisations, there is the ever-present option of outsourcing functions to achieve cost savings.
Think

- In what ways can an HR function add value to an organisation's core business?
- What would be the impact on the current HR staff in an organisation that decides to change from an HR department to an internal HR consultancy model?
- What strategies could be used to sell the concept of an internal HR consultancy service to:
  - line managers and supervisors
  - senior managers and CEO
  - HR staff (who may not yet be comfortable with the move from policy watchdog to business partner)?

The role of the HR consultant vs. line manager

When an HR consultant is working closely with a line manager on dealing with a particular issue/s, line manager may ask them to deal with the issues themselves.

"Can you please handle this recruitment for me?"

"Can you just have a chat to this person and let them know where they're going wrong?"

"Can you please run this meeting for me and explain to my managers what we'll be doing?"

In all of these requests, there is the danger of the HR consultant falling into the trap of doing the work for the line manager. What is important to remember that as a consultant, you are there to provide guidance, advice and recommendations including range of options that the line manager may take into consideration when he/she makes their decision - but essentially you are not usually the decision maker.
Think

- How could you get the line manager to make the decisions and implement the changes instead of you whilst maintaining an effective working relationship with them?
- What strategies would you need to adopt to ensure this does not re-occur with that particular line manager?

Consulting as a process

Depending on the nature of the service you are providing to a line manager, your processes of consulting may vary slightly, or some parts may be more complex than others.

Generally, most consulting assignments should be approached in a methodical, structured way - remember that Prior Preparation and Planning Prevents a Poor Performance! The secret to developing a good plan is to take the time to ensure that you have considered as much information as possible in developing your time lines and the project scope - this will ensure that you can deliver on-time.

Whilst there are numerous consulting models around, generally they follow a similar theme:

1. Contracting
2. Assessment
3. Planning
4. Implementation
5. Evaluation

**Step 1: Contracting** - covers the initial broad scope of the assignment. In this step expectations and roles of both the client and the consultant are clarified, as well as the working arrangements negotiated.

**Step 2: Assessment** - where the consultant gathers all the information and data required to fully comprehend the assignment.

**Step 3: Planning** - covers the development of the action plan by the consultant, which includes planning timelines, and decisions regarding who in the organisation they will need to liaise with are determined.
Step 4: Implementation - where the consultant implements their action plan as developed in Step 3.

Step 5: Evaluation - the consulting assignment should be regularly evaluated throughout all stages, however the final evaluation should be completed when the assignment is finished. Consultants should invest the time in reflecting on how the assignment went - and consider what they would do differently next time.

Think

What would be the key actions that an HR consultant would undertake at each step of the consulting process?

Problem analysis/problem solving techniques

Let's look at this with an emphasis on planning approaches to HR problems and HR management.

As well as providing specialist HR advice, a major component of the HR consultant's role is to assist the line manager or supervisor to identify problems and consider a range of solutions in order for them to make informed decisions.

A simple problem solving model or process to follow is:

1. Identify the problem
2. List possible causes
3. List a variety of possible solutions
4. Consider the positives and negatives of each possible solution
5. Suggest the most appropriate solution (based on 3 and 4)
6. Suggest ways to implement this solution

At each step of this process the HR consultant can assist their client (ie. line manager) to ultimately arrive at the most appropriate solution to their issues. Following a process like these six steps combined with specialist HR
knowledge and advice will ensure that your client has access to a variety of solutions from which they can make informed decisions.

For more complex problems, it may be appropriate to use one of the more recognised quality tools such as the Ishikawa. Developed by Dr Ishikawa who helped pioneer the quality movement in Japan, this tool is effective in defining causes and developing strategies to overcome these.

Figure: Fishbone diagram showing how to organise major & minor aspects of a problem

Above is the Ishikawa model, or "fishbone". At the "fish's nose" is where you write what the problem is, and on each of the "fishbones" you list what the major aspects of the problem are. These could be issues such as poor communication, lack of adequate resources, staff lacking a team approach etc.

Once you have listed the major aspects of the problem, you are then in a position to list a number of strategies to address these particular aspects of the problem - these get included along each of the "fishbones". Once this has been completed for each of the major aspects, you will then have available a variety of strategies for consideration to assist in dealing with the problem.

This model is particularly useful when solving problems with a group of staff, and those staff members who prefer to see things represented pictorially.
Think

What would be some scenarios where this model could be used?

What could be the advantages and disadvantages of using such a model?

Often as an HR consultant you may be asked for advice that requires you to consider organisational policies and procedures as well as other legislative requirements or interpretation of awards information. You may need to seek external advice regarding issues, or seek direction from the CEO or company executive team to ascertain their "view".

Try it

Consider the following scenarios. How would you respond to each one? Make a list in the table of what sources of information you would need before you responded to each one.

Table 1: Scenario and what you should consider (2 cols)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>List of what you would need to consider sourcing to find out required relevant information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eg:</td>
<td>Possible list:</td>
</tr>
<tr>
<td>A line manager contacts you to discuss the possibility of taking on several staff under a Traineeship.</td>
<td>Organisation's HR policies - does the company have a view on employing trainees?</td>
</tr>
<tr>
<td></td>
<td>Is employing these trainees in line with the organisation's strategic direction?</td>
</tr>
<tr>
<td></td>
<td>Relevant awards - can the organisation employ trainees?</td>
</tr>
<tr>
<td>Scenario</td>
<td>List of what you would need to consider sourcing to find out required relevant information</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
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</tr>
</tbody>
</table>
| You discover a line manager is working outside of company policy on industrial agreements with the number and tenure of casual staff. You think that you need to initiate some workforce planning so that their staffing processes are more streamlined, efficient and within company policy | What are the relevant pay rates?  
Do the organisation's recruitment processes factor in trainee recruitment? |
| A line manager wants to implement a remuneration strategy to reward and further motivate his sales team.  
A line manager wants to use one of your HR consultants full time for the next three months to assist them in process reengineering.  
Your HR consultant has a number of SLAs that she needs to adequately service during this time. |  |
| A line manager wants to recruit staff on a contract basis in South East Asia. The person will work for your organisation from SE Asia and will be paid in Australian dollars. |  |

**Components of a Service Level Agreement (SLA)**

Whilst there are no hard and fast rules about SLAs, it is generally accepted that they should contain some essential components to ensure they are effective:

- Scope of service to be delivered
- Tasks to be completed associated with the scope of service
- Measures or standards - both qualitative and quantitative
Monitoring processes

Evaluation processes

Scope of service to be delivered

Generally, SLAs should detail exactly what services are to be delivered, and to whom. This can cover one or more functions that the client requires HR to deliver (internally or externally). This would depend on whether the SLA is written for a whole of organisation, or just one discreet business unit or area. Eg. An HR team may have a general SLA with regard to Recruitment, Selection and Induction of staff that applies to the whole organisation. In this case, there would be a series of generic SLAs on each of the HR functions performed.

Another scenario might be where one area of a company is requiring a specific level of service in a range of HR functions that differs significantly from the rest of the organisation. In this case, the scope of service to be delivered would be more detailed and list a variety of HR functions that had been negotiated with this area.

Think

What are the advantages and disadvantages of having generic SLA for each HR function?

Tasks to be completed associated with the scope of service, and measures

This section of the SLA should be an accurate list of all the tasks that the HR area will complete that is associated with the scope of service. These tasks should contain sufficient detail on the tasks as well as measures. Eg. If the scope of service is recruitment, selection and induction of staff, the tasks would list every aspect that HR would be involved in for this service, including realistic measures:
<table>
<thead>
<tr>
<th>Task to be completed</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drafting the advertisement</td>
<td>within 3 days of receiving information</td>
</tr>
<tr>
<td>Organising the advertisement with newspapers</td>
<td>within 3 days of receiving information</td>
</tr>
<tr>
<td>Answering queries regarding the position advertised</td>
<td>within 24 hours of enquiry</td>
</tr>
<tr>
<td>Sending out recruitment packages to prospective clients</td>
<td>within 24 hours of enquiry</td>
</tr>
<tr>
<td>Receiving all applications</td>
<td>By closing date of advertisement</td>
</tr>
<tr>
<td>Sending out acknowledgment letters to all applicants</td>
<td>within 24 hours of closing date of applications</td>
</tr>
<tr>
<td>Conduct initial shortlisting of all applications</td>
<td>within 3 days of close date</td>
</tr>
<tr>
<td>Liaising with the relevant manager as to who will be finally shortlisted</td>
<td>To be negotiated with the manager</td>
</tr>
<tr>
<td>Booking venues for interviews</td>
<td>within 2 days of receiving final shortlisted applicants</td>
</tr>
<tr>
<td>Arranging interview schedule</td>
<td>within 2 days of receiving final shortlisted applicants</td>
</tr>
<tr>
<td>Contacting shortlisted applicants by phone and mail for interview appointments</td>
<td>within 2 days of receiving final shortlisted applicants</td>
</tr>
<tr>
<td>Arranging catering for selection panel</td>
<td>Prior to day/s of interview</td>
</tr>
<tr>
<td>Arranging any equipment needed for conducting interviews</td>
<td>Prior to day/s of interview</td>
</tr>
<tr>
<td>Providing an administrative support service to the panel when interviewing</td>
<td>To be negotiated with the manager</td>
</tr>
<tr>
<td>Drafting up a selection report</td>
<td>within 1 week after interviews completed</td>
</tr>
<tr>
<td>Advising unsuccessful applicants by mail</td>
<td>Within 2 days of selection report finalisation</td>
</tr>
<tr>
<td>Liaising with successful applicants to arrange commencement date</td>
<td>To be negotiated with the manager</td>
</tr>
<tr>
<td>Coordinating an induction process for the new staff member</td>
<td>Within first week of new staff member commencement</td>
</tr>
</tbody>
</table>
Measures or standards

These components of the SLA may already have been included in the tasks to be completed section. However, this is where some of the qualitative measures can be documented.

What also can be included in this component of your SLA is the agreed communication and consultation protocols that are negotiated with the client.

Try it

Compose a list of possible quantitative and qualitative measures that could be documented in this component of an SLA.

Client responsibilities

Make clear what are the client's responsibilities as well, for example:
- being available to meet with the HR team to resolve issues as they arise
- responding to enquires and requests for information within a certain timeframe
- responsibility for any financial costs associated with the HR activities, eg advertising costs, assessment tools.

Monitoring processes

This component covers what monitoring of the SLA is negotiated and agreed to. This can range from a simple statement of intent through to a complex monitoring system. Often SLAs with internal HR staff tend to be less complex than SLAs for external HR personnel - this can be due to the need for further complexity as this details the service to be provided and the fee charged based on this service.

An SLA with an internal HR function can be as simple as a statement detailing that the HR consultant will meet with the line manager on a monthly basis to review the SLA and provide statistics on service provided at these meetings.
Evaluation processes

This component should detail exactly how the service is to be evaluated.

Depending on what service needs to be evaluated will determine the complexity of this component of an SLA.

For example, if the SLA is concerned with Recruitment, Selection and Induction, then the following methods of evaluation may be appropriate:

- Questionnaire to all staff recruited seeking feedback on:
  - level of service provided to them during and after the recruitment process
  - timeliness and access to relevant recruitment information
  - their induction process
  - whether the job is what they thought they were applying for
  - their level of satisfaction in the job

- Questionnaire to managers of staff recruited seeking feedback on:
  - level of service provided to them by HR during the recruitment, selection and induction process
  - their level of satisfaction with the new staff member recruited
  - whether the selection processes enabled them to recruit the right staff member

- Focus groups with managers across the organisation, seeking feedback on the level of service provided, their general level of satisfaction with the recruitment tools used, etc.

What is important when evaluating SLAs is to ensure that you consider the feedback received by all parties, and then assess whether it is appropriate to make changes to your SLA based on this. At times you may be dealing with line managers who may not necessarily wish to follow correct company policies and processes - this may mean that you would need to further explain the rationale behind these in order for them to accept the service you provide.

Think

- What would some of the challenges be when dealing with line managers who don't feel it is necessary to always follow company policy and processes? What steps would you take to deal with these?
• If you had a generic SLA for particular HR functions and you had received polarised feedback on its performance, what would you do? How would you approach each of the people giving you this feedback?

Read

**What else is in the contract you agree to with external clients?** You may refer to:


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**Selling the concept of SLAs to line managers**

Once you have made the decision to implement SLAs - how do you sell this concept to your clients ie. your line managers?

Firstly, ensure that you have sufficient consultation time built into your project plan in order to sell the concept of SLAs to your clients.

It is important that you don't overlook or underestimate the need to sell this concept to your clients. In a work environment where expectations on people to perform is ever increasing, new concepts can be viewed as something that will just take up more of their time. You need to consider what's in it for them, and focus on the benefits for them if you are going to gain their input and commitment to improvement. This may mean having a more personalised, individual approach to selling the concept in the initial stages.

The earlier you can involved them in the decision-making processes, the better. Most managers will be less likely to take new initiatives on board if the final product is presented to them as a “fait accompli” and they have not been consulted regarding the process. One way to involve them early is to run focus groups, or individual meetings to flesh out the concept of SLAs in
order to gain their input. Once you have their input you are more likely to be successful in them taking some ownership of the content. Besides, you may receive some valuable feedback as to where your current processes aren't quite meeting their expectations.

Consulting early with your clients in the process will also ensure that you can gain their cooperation to adhere to company HR policy and procedures. This is a great opportunity to explain the rationale behind the processes and clarify any issues they may raise.

Think

You have developed your SLAs as a result of your consultations with your clients, and you discover that you have omitted to consult with one of your managers. At this stage your SLAs have been endorsed by the CEO, and to make any changes would be a little difficult. The manager is furious that you have omitted him from your process and demands to have a meeting with you to discuss - how would you handle this?

Case study

Jill is the newly appointed HR Manager at K-Tech Wholesaling, and is now one of the senior managers. There has been a change of senior personnel in the company recently through some restructuring which has seen some of the "old school" of senior managers retire or take voluntary redundancy packages. Jill's brief from the CEO on appointment into her new role is to "move into HR and clean the place up - get some quality systems and processes in place, scrap those that are obsolete and make the HR Branch add value".

Jill has been doing some research on the concept of SLAs and is keen to introduce this concept into the company. The CEO has given her "carte blanche" to implement whatever she thinks will bring HR back into line with the company and add value.

She has a couple of meetings with the HR staff to discuss the concept of SLAs with them. Some of them are quite keen to try this, but others are a bit sceptical. These are a couple of older staff who have been with the company for a number of years and view Jill with some level of cynicism - they think this is just another fad, and that she is just a bit too optimistic and
enthusiastic - after all, they know what will work and what won’t work with the company!

Although Jill has asked them to keep this information confidential at this stage until the decision is made to go ahead with the SLA, the company gossip line and rumour mill has been working a bit of overtime, so it isn't long before Jill receives an email from Robert - one of the managers asking to know what she is planning. He has heard that:

- Jill is making all the decisions about what will go into these agreements without any consultation
- It will mean more work for the managers
- The service provided by HR will only be what's available in these agreements - no ad-hoc processes
- There will be no flexibility
- Timeframes will be strictly monitored and reported on to the senior management group

He has asked that Jill attend his next team leader's meeting to discuss the issues. What complicates the matter for Jill is that in the past this manager and Jill were colleagues, and both applied for the role of HR Manager. Jill was successful in gaining the position, whilst Robert was found unsuitable for the position. Whilst Robert's behaviour has been professional, Jill feels that he is very disappointed that he missed out in being considered for the position and they have not had the opportunity to have a face to face discussion regarding this to clear the air.

Think

- How can Jill turn this meeting into a positive outcome for her and her HR team?
- What action points should she suggest occur after this meeting
- What can Jill do to build the working relationship with Robert?
- How should Jill handle the breach of confidentiality with her own staff?
- What approach should Jill use with the other managers she wants to be involved with SLAs?
Making the SLA presentation

Once you have drafted your SLA you'll need to present it to your client for discussion, tweaking and sign-off. When presenting it remember to highlight:

- how this SLA will benefit the line manager
- how it will reflect the company's strategic goals
- how it will create efficiencies
- that it will provide a good framework for other parts of the company to introduce SLAs.

There may be points on your draft SLA that your client may not understand or agree with, so it is important that you can explain the rationale behind these decisions effectively, but also be open to reasonable negotiation.

References