

Negotiation and Service Level Agreements



Rural Community Network
SUPPORTING RURAL COMMUNITIES

What is Negotiation?

Negotiation is usually considered as reaching an agreement through discussion and compromise. It is a process of conferring with another or others in order to meet the legitimate interests of all parties and resolve conflicting interests fairly. It helps to achieve goals and contributes to the development of a positive culture. It is worth remembering that negotiation can involve several people from all parties.

Negotiation is something that we do on a regular basis, for example, deciding where to go on holiday. Communicating effectively is important in the negotiation process.

Why Negotiate?

If a community organisation's ultimate aim is to provide a service for the community, for example, childcare provision, then it is important that it negotiates effectively with the relevant parties to reach that agreement. This process normally brings an outcome where all parties concerned benefit highly.

Pre Negotiation

Before entering into negotiations, it is important for an organisation to identify what exactly it aims to achieve, for example, healthcare service provision being offered two mornings per week in the local community centre.

Organisations should consider the potential issues, concerns and opportunities of the other party/parties and be prepared for these when entering into the negotiation process, for example, management of people while in the building or hours of service required.

When negotiating, it is important to be clear on exactly what resources are involved, for example, financial, time, human. Before entering into the negotiation, the organisation must be aware of its scope and also if any extras

could be brought to the table in order to settle the agreement.

Negotiating

It is important that the other party is approached directly to arrange a meeting. It is preferable that these arrangements are carried out in person, by writing or by phone. This will provide the opportunity to briefly discuss the agenda in advance and improve the prospects of making a decision on the day. There should be clarity about the reason for contact and all comments should be held until the actual appointment.

The negotiation should be well controlled as good control should assist in achieving/realising the service within a realistic price range, delivery time and profit margin.

Both parties to the process should remain flexible and controlled throughout the negotiation. This will prevent the other party from changing position in the agreement. This is where preparatory work comes to good use: knowing limits and the other party's needs.

What are Service Level Agreements?

Service Level Agreements are agreements between two or more partners for the provision of services at an agreed level of quantity and quality. A Service Level Agreement is formally negotiated and is an essential requirement for the provision or receipt of any service. It is a contract that exists between service providers or between a customer and their service provider.

An agreement is a contract and has five distinguishing characteristics including:

- Offer
- Acceptance
- Intent
- Consideration
- Capacity

It is of substantial importance that the

agreement is of high quality and is comprehensive and accurate in its form. It records the common understanding about the services to be delivered, levels of service and performance obligations, priorities, responsibilities, guarantees, termination of the agreement and consequences such as penalties.

A Service Level Agreement is most commonly used as a form of agreement between two parties, however, it can also be used for trading, tendering or reviews. Organisations may use the agreement when reviewing the services on offer, developing business plans, examining best value and other important exercises.

Service Level Agreements Framework

It is up to each individual community organisation to decide on the form and content of the Service Level Agreement. Below is a framework of a Service Level Agreement that can be used for guidance.

1. Memorandum of Agreement

A formal record that an agreement exists.

2. Conditions of Agreement

Covers all matters relating to the management of the agreement.

3. Specification of Work

Covers all matters relating to the management of the service.

4. Price Schedule

Contains all quantitative data relating to price and cost.

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To follow is guidance material that may be used when developing a Service Level Agreement.

Memorandum of Agreement

Service Title: _____

SLA ID: _____

This agreement made [insert date]

Between:

The Purchaser [insert name and address]

And the Service Provider [insert name and address]

Conditions of Agreement

Purpose:

This covers all matters relating to the the agreement and the service.

Indicative content:

- Purpose of the agreement
- Length of the agreement
- Method of payment
- Inflation
- Variations
- Confidentiality
- Statutory requirements
- Indemnity and insurance
- Assignment and subcontracting
- Dispute resolution
- Monitoring and liaison
- Notice
- Signatories of both parties to Agreement