

## SERVICE LEVEL AGREEMENTS

### SERVICE

A **service** is an intangible offering provided by a service provider to meet the needs, wants, or demands of a customer. Unlike physical products, services are consumed at the point of delivery and do not result in the ownership of any physical object. Services can span various sectors, including healthcare, education, hospitality, finance, information technology, and entertainment.

#### Examples of Services

- **Healthcare** like A doctor's consultation, a hospital stays, or a surgery.
- **Education:** A tutoring session, online courses, or classroom instruction.
- **Financial Services:** Banking, insurance, and investment advisory.
- **Hospitality:** Hotel stay, restaurant dining, or event planning.
- **Transportation:** A taxi ride, flight services, or public transportation.
- **Information technology**
- **Entertainment**
- **ETC**

### SERVICE LEVEL AGREEMENT(SLA)

A Service Level Agreement (SLA) is a formal document that outlines the expectations, responsibilities, and performance standards between a service provider and a client. It defines what services will be delivered, the expected quality, and how performance will be measured. SLAs are commonly used in various industries, such as IT, telecommunications, customer support, and outsourcing, to ensure that both parties have a clear understanding of expectations.

### COMPONENTS OF SERVICE LEVEL AGREEMENT

#### *1. Service Description*

- **What services are being provided:** A detailed explanation of the services the provider will deliver, including any exclusions or limitations.
- **Scope of services:** The boundaries of the service, what is and isn't covered, and any special provisions.

## ***2. Performance Metrics (KPIs)***

- **Specific Performance Standards:** Clear metrics for the service performance. These could include:
  - **Response time:** How quickly the provider will respond to an issue or request.
  - **Resolution time:** How quickly the provider will resolve a problem once it's been identified.
  - **Availability/Uptime:** The percentage of time the service will be available.
  - **Accuracy and quality of service:** How the service will meet specific quality standards.

## ***3. Service Levels***

- **Targeted performance levels:** These are measurable targets for each service aspect (e.g., 99.9% uptime, 4-hour response time for critical issues).
- **Penalties for not meeting SLAs:** What happens if service levels are not met, including potential financial penalties or service credits.
- **Incentives for exceeding SLAs:** Sometimes, SLAs include rewards or incentives for the provider if they exceed performance expectations.

## ***4. Roles and Responsibilities***

- **Provider's responsibilities:** What the service provider is accountable for in terms of delivering the service.
- **Client's responsibilities:** Any actions or resources the client must provide (e.g., access to systems, providing necessary information).

## ***5. Monitoring and Reporting***

- **Monitoring procedures:** How the service provider's performance will be tracked, including the tools or methods used to monitor the service.
- **Reporting requirements:** How often performance reports will be provided, who will receive them, and what data will be included (e.g., uptime reports, response times).

## ***6. Security and Confidentiality***

- **Data protection requirements:** How sensitive data will be handled and protected, including compliance with data protection regulations (e.g., GDPR).
- **Access control and security measures:** The security protocols in place to safeguard data, systems, and the service itself.

## ***7. Disaster Recovery and Business Continuity***

- **Contingency plans:** What happens in case of system failures, data breaches, or other disasters.
- **Recovery time objectives (RTO):** How long it will take to restore services in case of an incident.

## ***8. Term and Termination***

- **Duration of the SLA:** How long the agreement will remain in effect (e.g., 12 months, q  
  
renewable annually).
- **Termination clauses:** The conditions under which either party can terminate the SLA (e.g., breach of contract, non-performance).

## ***9. Penalty or Remedies:***

Specifies any consequences if the service provider fails to meet the agreed-upon service levels. This might include financial penalties, service credits, or even the right for the customer to terminate the agreement. for Example, If the provider

doesn't meet uptime targets, the customer might receive compensation or discounts.

### **10. *Dispute Resolution***

- **Resolution process:** The steps to resolve any disputes or disagreements between the service provider and the client, including mediation or arbitration processes.
- **Governing law:** The legal framework or jurisdiction under which the SLA is governed.

### **11. *Review and Revision Process***

- **Periodic reviews:** How often the SLA will be reviewed and revised, if necessary, to ensure it remains relevant and effective.
- **Amendments:** The process for making changes or updates to the SLA as needed.

### **12. *Signatures and Agreement***

- **Authorized signatures:** Both parties should sign the SLA to confirm mutual understanding and agreement to the terms outlined.

## **HOW DO WE MEASURE THE PERFORMANCE OF SERVICE PROVISION**

Measuring the performance of service provision involves assessing how well a service provider meets the agreed-upon terms in a Service Level Agreement (SLA) or other performance contracts. The goal is to determine whether the service is being delivered as promised, with a focus on both efficiency and customer satisfaction. Effective performance-based measures align the metrics with desired outcomes, ensuring that both the service provider and customer are clear about expectations and accountability.

### **1. Key Performance Indicators (KPIs)**

KPIs are specific, measurable indicators used to assess various aspects of service provision.

Common KPIs include:

- **Response Time:** How quickly the service provider responds to customer inquiries or requests.
- **Resolution Time:** How long it takes to resolve an issue or complete a service task.

- **First Contact Resolution (FCR):** The percentage of issues resolved on the first interaction.
- **Service Availability/Uptime:** The amount of time a service is operational and available to users.
- **Service Level Agreements (SLAs):** Adherence to agreed-upon response and resolution times specified in contracts.

## 2. Quality Assurance (QA)

- Regular evaluations of the service delivery process to ensure it meets predetermined standards and guidelines.
- **Audit and Review:** Conducting internal or external audits to check for compliance with quality standards. for example, Makerere university business school has quality assurance department that deals with the quality of services provided to the students.

## 3. Complaint and Issue Tracking

Monitoring the number and types of complaints or issues raised by customers and evaluating how effectively they are resolved

## 4. Customer Satisfaction (CSAT)

High customer satisfaction is often the most reliable indicator of service success. It directly reflects how well the service is meeting or exceeding customer expectations.it can be measured by short surveys asking customers to rate their satisfaction on a scale (e.g., 1–5) right after the service experience.

## 5. Net Promoter Score (NPS)

A measure of customer loyalty, gauging the likelihood that a customer would recommend the service to others. It provides a snapshot of customer sentiment and can predict future growth. A high NPS indicates customers are happy and willing to advocate for your service. this can be measured by asking customers: "On a scale of 0 to 10, how likely are you to recommend this service to others?" Based on responses, categorize them into promoters (9-10), passives (7-8), and detractors (0-6).

## **6. Service Level Agreements (SLAs) Compliance**

The percentage of service interactions that meet the agreed-upon standards, such as response time and resolution time. SLA compliance ensures that the service provider is delivering on its promises and meeting expectations outlined in contracts.

## **7. First Contact Resolution (FCR)**

The percentage of customer issues or requests that are resolved on the first point of contact. A higher FCR means customers are getting their issues solved faster, leading to higher satisfaction and operational efficiency.

## **8. Average Handling Time (AHT)**

The average amount of time taken to resolve a customer's request or issue, including both talk time and after-call work. It helps measure the efficiency of service representatives, and it correlates to both cost management and customer experience.

## **9. Customer Retention Rate**

The percentage of customers who continue to use the service over a specific period. A high retention rate is a strong indicator of long-term satisfaction and loyalty, reducing churn and increasing customer lifetime value.

## **10. Employee Productivity**

Measures the efficiency of employees in delivering the service. This could be related to the number of service requests handled or the speed of resolving issues. Productivity is a key factor in determining how effectively the service is being delivered. High productivity often correlates with better customer outcomes and cost savings.

## **11. Cost per Service (CPS)**

The total cost of delivering a service divided by the number of services provided. It helps monitor the efficiency and profitability of the service. Lower CPS while maintaining high quality is an indication of effective service provision.

## **12. Churn Rate**

The percentage of customers who stop using the service within a specific time frame. A high churn rate suggests dissatisfaction or that the service is not meeting customer expectations, which requires immediate action.

### **13. Service Availability (Uptime)**

The amount of time a service is available and operational without any outages. It's critical for services that rely on high availability, such as cloud-based systems. Higher uptime indicates reliability.

### **14. Benchmarking Performance**

Comparing the performance of your service with industry standards or similar services. It provides context to your performance data and helps identify whether you're meeting industry standards or outperforming competitors

### **15. Time to Resolution (TTR)**

The average time it takes to resolve customer issues from the moment they are reported. Reducing the time to resolution increases customer satisfaction and helps maximize resource efficiency. this can be measured through tracking the time from the initial report of an issue to its resolution, then calculate the average time across all cases.

### **16.Customer Outcomes and Impact**

In sectors like healthcare or education, it's important to measure whether the service has led to positive outcomes for the customer. For example, in healthcare, this could be patient recovery rates, and in education, student graduation rates.

### **17.Customer Behavior Change**

For services that aim to influence behavior (e.g., training, public health campaigns), measuring whether customers have made the desired changes (e.g., increased knowledge, healthier habits).

## **WHY ARE SERVICE LEVEL AGREEMENTS IMPORTANT**

- **Clarifies Expectations:** SLAs set clear and measurable expectations for both the service provider and the customer, reducing the potential for misunderstandings.

- **Defines Accountability:** By specifying performance standards, SLAs ensure that the service provider is accountable for meeting these expectations.
- **Improves Customer Satisfaction:** When customers know exactly what service levels to expect, it leads to improved trust and satisfaction with the provider.
- **Provides Legal Protection:** SLAs offer legal protections for both parties by outlining the terms and conditions of service delivery, including remedies for failure to meet those terms.
- **Support problem solving and improvement in planning.** By facilitating customers in reporting failure to meet service levels
- Fostering of better understanding and trust between providers and customers

## **DRAFTING THE FRONT OF A CONTRACT**

### **Key Components in the Front of the Contract:**

1. **Title:** "Service Agreement" clearly identifies the type of agreement being executed.
2. **Date:** Specifies when the contract becomes effective.
3. **Parties:** Clearly identifies the legal names and addresses of both parties involved.
4. **Recitals:** Describes the background and context of why the parties are entering into this agreement (e.g., Party A providing a service and Party B desiring that service).
5. **Lead-in Clause:** Marks the transition from the recitals to the actual contractual terms, indicating mutual understanding and agreement.

### **[Contract Title]**

- **Title of Agreement** (e.g., "Service Agreement," "Partnership Agreement," "Sales Agreement," etc.)

**This Agreement** is made and entered into as of [Insert Date], by and between:

[Party 1 Name], a [Legal Structure of Party 1, e.g., Corporation, LLC, Individual] located at [Party 1 Address], hereinafter referred to as "Party 1" or "[Short Form Name]"

**AND**

[Party 2 Name], a [Legal Structure of Party 2, e.g., Corporation, LLC, Individual] located at [Party 2 Address], hereinafter referred to as "Party 2" or "[Short Form Name]"

**Recitals (Optional)**

Whereas, Party 1 is in the business of [describe the business or purpose of Party 1];

Whereas, Party 2 is in the business of [describe the business or purpose of Party 2];

Whereas, the parties desire to enter into this Agreement for the purpose of [state the reason/purpose of the contract];

Now, therefore, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

**Terms and Conditions**

(Here, you'll list the sections of the contract or main points that follow, like "Definitions," "Scope of Work," "Payment Terms," etc.)

**Execution**

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first written above.

**[Party 1 Name]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**[Party 2 Name]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## Next Steps:

From here, the contract would proceed with the **main terms** and conditions, such as:

- *Scope of Services*
- *Payment Terms*
- *Duration of Agreement*
- *Confidentiality*
- *Indemnification*
- *Termination Conditions*
- *Dispute Resolution*
- *Miscellaneous Provisions (e.g., governing law, amendment procedures)*
- *Signature*

## WHAT ARE THE INTRODUCTORY AND LEAD IN CLAUSE OF A CONTRACT

The **introductory** and **lead-in clauses** of a contract refer to the opening language that introduces the parties, the purpose of the agreement, and other critical introductory information. These clauses are essential because they help provide context and clarify the key details for all parties involved. Here's a breakdown of each:

### 1. Introductory Clause (or Preamble/Recitals):

This section often begins with "Whereas" or "Whereas the parties agree," and it sets the stage by outlining the background, purpose, and intent of the agreement. It may not always be legally binding but helps explain why the contract exists and the reasons the parties are entering into it.

#### Example:

- *"WHEREAS, Party A wishes to sell certain goods to Party B, and Party B wishes to purchase said goods, the parties have agreed to enter into this agreement on the following terms and conditions."*

### 2. Lead-in Clause:

The lead-in clause typically introduces the parties involved in the contract and may describe their roles or relationships. It's liked the first clear statement of the contract, explaining who the parties are, their legal capacities, and their intentions.

**Example:**

- *"This Agreement is entered into as of [Date] by and between [Party A], a [legal status of Party A], with its principal place of business located at [Address] (hereinafter referred to as 'Party A'), and [Party B], a [legal status of Party B], with its principal place of business located at [Address] (hereinafter referred to as 'Party B')."*

**Key elements of the lead-in clause might include:**

- **Full legal names** of the parties.
- **Legal status** (individual, corporation, LLC, etc.).
- **Addresses** of the parties.
- Any **identification** or other relevant identifiers, such as business registration numbers.

#### **4. DEFINITION SECTION**

Drafting definitions in a contract refers to the process of clearly and precisely explaining specific terms or phrases that will be used throughout the contract. These definitions help to avoid confusion, ambiguity, or misinterpretation by making sure all parties understand exactly what certain terms mean in the context of the agreement.

- Start with a section labeled “Definitions” or “Definitions and Interpretations.”
- Each term should be followed by its definition, often in a numbered list.

#### **Definitions**

For the purposes of this Agreement, the following terms shall have the meanings ascribed to them below:

1. **"Agreement"** means this Contract, including all exhibits, schedules, and attachments hereto, as may be amended or modified from time to time.

2. **"Confidential Information"** means all non-public, proprietary, or confidential information disclosed by one party to the other party, whether in writing, orally, or electronically, including but not limited to business plans, financial data, customer lists, marketing strategies, and technical information.
3. **"Effective Date"** means the date this Agreement is signed by both parties and becomes enforceable, which is [Insert Date].
4. **"Services"** means the services described in Exhibit A, attached hereto, to be provided by [Party A] to [Party B] under the terms of this Agreement.
5. **"Force Majeure Event"** means any event beyond the reasonable control of the parties, including but not limited to natural disasters, war, terrorism, government action, labor disputes, or other events that prevent the performance of contractual obligations.
6. **"Intellectual Property"** means all patents, trademarks, copyrights, trade secrets, and any other intellectual property rights held by either party, whether registered or unregistered, including any applications or registrations thereof.

#### **Tips for Effective Definitions:**

1. **Avoid Circular Definitions:** A term should not be defined by using the same word or term you are trying to define. For example, "Party A" should not be defined as "the first party" unless the term "first party" is itself clearly defined.
2. **Use of Capital Letters:** Defined terms are often capitalized throughout the contract to signify that they have a special, defined meaning. This makes it easy to spot them as you read the document.
3. **Avoid Over-Defining:** Don't define every single word unless absolutely necessary. For example, everyday terms like "and," "or," or "shall" typically don't need a definition unless the context requires it.

**Specificity for Ambiguous Terms:** If you are using a term that could have multiple interpretations (e.g., "reasonable," "best efforts"), consider defining it explicitly.

#### **CONTRACT LANGUAGE**

**Contract language** refers to the specific style and wording used in legal agreements. It's designed to be precise, clear, and unambiguous in order to protect the interests of the parties involved and ensure that the terms are enforceable in a legal context. The purpose of contract language is to convey the rights, responsibilities, and obligations of the parties in a way that leaves little room for misinterpretation or disagreement

### **Key Features of Contract Language:**

1. **Formality and Precision:** Contract language is typically formal, using specific terminology and structure to minimize ambiguity. This ensures that all terms are well-defined and understood by the parties involved.
2. **Use of Defined Terms:** Contracts often use defined terms (like "Party A," "Effective Date," "Services," etc.) to provide clarity. These terms are given a specific meaning and are used consistently throughout the contract.
3. **Legal Terms and Phrases:** Contract language includes a range of legal terms such as "hereinafter," "shall," "whereas," "notwithstanding," and "force majeure." These terms have specific legal meanings and are crucial for ensuring that the document is enforceable.
4. **Active Voice:** Contracts tend to use active voice rather than passive voice to clearly assign responsibilities. For example, instead of saying "The payment will be made by Party A," it would be clearer to say "Party A shall make the payment."
5. **Impersonal Tone:** The language tends to be neutral and objective, focusing on the obligations of the parties rather than personal emotions or informal expressions.

### **Common Contract Language and Phrases:**

1. **"Party A and Party B":** Used to refer to the parties in the agreement. Specific names or entities are often replaced by Party A, Party B, etc., to keep things general.
2. **"Shall":** Indicates an obligation. For example, "Party A shall deliver the goods within 30 days."
3. **"May":** Implies discretion or permission. For example, "Party B may request a refund."

4. **"Hereinafter"**: Used to refer to a term that will be defined or used later in the document. For example, "The party of the first part, hereinafter referred to as 'Party A'."
5. **"Notwithstanding"**: Used to indicate that one provision will override or take precedence over another. For example, "Notwithstanding any provision to the contrary, Party A shall not be liable for indirect damages."

### **Why is Contract Language Important?**

1. **Clarity**: Well-drafted contract language ensures that everyone understands their obligations and rights under the agreement, reducing the likelihood of disputes.
2. **Legal Enforceability**: Using precise and appropriate legal language ensures that the contract is enforceable in a court of law.
3. **Risk Mitigation**: By anticipating potential issues and addressing them in clear, legal terms, the contract language helps to avoid legal challenges or confusion.
4. **Standardization**: Contracts often use standard phrases and terminology that have been tested in courts, ensuring that terms are widely understood in the legal community.

### **Example of Contract Language:**

Here's an example of contract language that outlines an obligation:

- **"Party A shall deliver the goods to Party B on or before the 15th of March, 2025. Failure to do so shall result in a penalty of \$500 for each day the goods are delayed."**

In this example:

- "Shall" creates a mandatory obligation.
- The penalty for non-performance is clearly define

### **BEST PRACTICES IN DRAFTING THE FOLLOWING;**

*memorandum of understanding*

*letter of inntent*

*non-disclosure adreement*

When drafting key agreements such as a **Memorandum of Understanding (MOU)**, **Letter of Intent (LOI)**, or **Non-Disclosure Agreement (NDA)**, there are several **international best practices** that can help ensure the documents are clear, legally sound, and effective in fulfilling their intended purpose. Below are the best practices for each type of document:

### **1. Memorandum of Understanding (MOU)**

An MOU is a non-binding agreement between parties outlining their intent to cooperate, usually before a more formal agreement is signed. Though not legally enforceable like a contract, an MOU serves to clarify the intentions and commitments of the parties.

#### **Best Practices:**

- **Clear and Concise Language:** Even though an MOU is generally non-binding, it should still be written in clear, simple language to avoid ambiguity and ensure that the parties' intentions are well-understood.
- **Purpose and Objectives:** Clearly define the purpose of the MOU and the objectives that the parties intend to achieve. Include a statement that reflects the intent to cooperate.
- **Scope of Cooperation:** Outline the specific areas or projects where the parties will collaborate. The scope should be detailed enough to avoid misunderstanding but flexible enough to allow for changes as cooperation progresses.
- **Non-Binding Nature:** State clearly that the MOU is not legally enforceable and does not create binding obligations (unless certain parts, such as confidentiality clauses, are intended to be enforceable).
- **Roles and Responsibilities:** Specify the responsibilities of each party in the collaboration.
- **Timeline:** If applicable, include the time frame for the collaboration or milestones to be achieved.
- **Termination Clause:** Address how the MOU may be terminated or amended, should the need arise.

- **Dispute Resolution:** Even in an MOU, consider including a dispute resolution mechanism (e.g., mediation or arbitration) in case of disagreement.

**Example Clause:**

*"This Memorandum of Understanding (MOU) outlines the terms and conditions under which Party A and Party B agree to cooperate on [specific project]. This MOU is not legally binding except for the confidentiality and non-disclosure provisions, which shall remain in effect."*

**2. Letter of Intent (LOI)**

An LOI is often used to outline the basic terms and conditions of an agreement between parties before a more detailed contract is finalized. It can be used in mergers, acquisitions, joint ventures, and other business dealings.

**Best Practices:**

- **Clarity on Binding and Non-Binding Provisions:** Clearly distinguish between the binding and non-binding elements of the LOI. For instance, confidentiality, exclusivity, or the commitment to negotiate in good faith might be binding, while other provisions like the agreement terms might not be.
- **Intended Transaction or Objective:** Clearly define the nature of the deal or collaboration, including the broad terms and conditions, without getting into all the details. This ensures that both parties are on the same page.
- **Timelines and Deadlines:** Include specific deadlines for signing the final agreement or completing due diligence, if applicable.
- **Confidentiality and Exclusivity:** Include confidentiality provisions to protect sensitive information exchanged during negotiations. If applicable, include exclusivity clauses that prevent one party from negotiating with others.
- **Outline Key Terms:** Identify key terms that will be the foundation of the final agreement (e.g., price, payment terms, delivery schedules, etc.), but avoid detailing everything to leave room for negotiation.

- **Good Faith Negotiations:** State that the parties agree to negotiate in good faith, but also clarify that the LOI does not obligate the parties to enter into the final agreement unless and until all terms are finalized.
- **Termination and Dispute Resolution:** Include how the LOI can be terminated and provide a method for resolving disputes, such as arbitration.

**Example Clause:**

*"This Letter of Intent (LOI) sets forth the preliminary terms and conditions under which Party A and Party B agree to pursue the potential acquisition of [target company]. While the parties intend to proceed in good faith towards a definitive agreement, this LOI is non-binding except for the confidentiality provisions and any other specifically stated binding obligations."*

**3. Non-Disclosure Agreement (NDA)**

An NDA is used to protect sensitive information shared between parties by ensuring that the information is kept confidential and not disclosed to unauthorized third parties.

**Best Practices:**

- **Clear Definition of Confidential Information:** Specify what constitutes confidential information. This can include technical data, business plans, customer lists, or any other information the disclosing party wants to keep confidential. Be specific to avoid ambiguity.
- **Exclusions from Confidentiality:** Clearly define any information that is excluded from the NDA. Common exclusions include publicly available information, information that was already known to the receiving party, or information disclosed with the consent of the disclosing party.
- **Duration of Confidentiality:** Specify how long the confidentiality obligation lasts. It can be a set number of years or continue indefinitely, depending on the nature of the information.

- **Permitted Disclosures:** State the circumstances under which the receiving party is allowed to disclose the confidential information (e.g., to employees or contractors who need the information to perform their duties).
- **Obligations of the Receiving Party:** Define the actions the receiving party must take to protect the confidential information, such as maintaining security or limiting access.
- **Remedies for Breach:** Address the consequences of a breach of the NDA, including possible legal action, financial penalties, or injunctive relief.
- **Jurisdiction and Dispute Resolution:** Specify which jurisdiction's laws will govern the NDA and how disputes will be resolved (e.g., through arbitration or litigation).

**Example Clause:**

*"The Receiving Party agrees not to disclose, publish, or otherwise disseminate any Confidential Information to third parties without the prior written consent of the Disclosing Party. The confidentiality obligations shall remain in effect for a period of [X] years from the date of disclosure or until such Confidential Information no longer qualifies as confidential, whichever occurs first."*

**General Considerations for All Documents:**

1. **Language and Jurisdiction:** Ensure that the language of the agreement is clear, precise, and appropriate for the jurisdiction in which it will be enforced. Consider including a governing law clause specifying which country's laws will apply.
2. **Execution:** Ensure that all parties properly execute the document, which might involve signatures, dates, and witnesses, depending on the jurisdiction.
3. **Review by Legal Professionals:** Always have the document reviewed by a legal professional with expertise in the relevant area of law and jurisdiction.

By following these best practices, you can ensure that your MOU, LOI, or NDA is well-drafted, clear, and effective in fulfilling its intended purpose, while also safeguarding the interests of the parties involved.

