Implementing library service agreements: the experience of Australian health libraries

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Abstract
There is little in the published literature on creating and implementing service agreements in libraries as distinct from reports on the outsourcing and contracting out of discrete functions or entire services. This paper examines the role of service agreements in Australian health libraries and their operation in libraries. Aspects considered are the definition of service agreements, what they are and are not, how they are developed, the scope and contents of such agreements and areas likely to cause difficulties. The experiences of Australian health libraries in the implementation of service agreements and key features in their success or failure are also discussed.

Introduction
In 2002 The Queen Elizabeth Hospital (TQEH) Library produced a short checklist on service agreements in Australian health libraries prompted by the lack of published literature on how to draft library service agreements as distinct from outsourcing contracts (Harris 2002). For reasons of confidentiality, budgetary implications and political sensitivity access to many such agreements is highly restricted, especially in the health sector. This paper gives a concise overview of service agreements in Australian health libraries as of 2003. It seeks to outline key issues in the implementation of service agreements and the conclusions that may be drawn as to why these agreements have succeeded or failed.
Methodology for researching

In preparing both the original checklist, and this paper on service agreements, the authors relied on questionnaires distributed via the ALIA Health Listserv in 2001 and 2003, phone interviews with selected librarians, presentations by librarians at ALIA events and in reviewing the very limited references in the recent worldwide literature. The contents and accompanying findings are necessarily impressionistic rather than comprehensive. This is inescapable in an area that is characterised by commercial confidentiality and administrative reticence.

Defining service agreements: What they are and are not

The terminology in this subject is imprecise and open-ended. Various terms are applied such as service level agreement (SLA), operational level agreement, customer service agreement, service agreement, memorandum of understanding. Service agreements in some form can be traced back to the 1960’s where they applied for purchasing computer machine time. They gained prominence in the 1980’s in the British Government as a method of managing outsourced suppliers and internal service providers within departments and authorities. The private sector then began adopting them to ensure suppliers were better aligned to a company’s business needs. Over the last 15 years service agreements have spread across other sectors in health, local government and universities (Dixon 2002 p.202).

For the purposes of this paper the generic heading ‘service agreement’ is used. This implies a less detailed and performance specific document than a SLA and is of the type commonly found in health libraries.

What then exactly are service agreements? Firstly, what they are not.

- Service agreements are not contracts in the strictly legal sense, drafted in accordance with the laws of contract and enforceable in the courts (though verbal agreements can, in certain circumstances, be construed as contracts). Service agreements have been widespread in the public sector between agencies as by law Crown entities can not sue each other, the Crown being indivisible. (Caine 1997 passim).

- Service agreements are not mandates. They are far less likely to succeed if they are ordered into existence through organisational mergers or restructuring instead of a perceived need on the part of the parties to obtain a desired service or a cost effective alternative.

- Likewise if a service agreement is an attempt to compel others to adhere to one party’s preferred way of working, or to silence criticism at the standard of service on offer, the sense of implicit coercion this arouses in the other parties will greatly prejudice its acceptance in practice.

- Service agreements are not quick fixes. Rushed efforts to overcome urgent problems prevent the parties developing any mutual understanding of each other’s needs and does not permit each side to gain an insight into the other’s perspective (Karten 2001 p.1.7).

What then are service agreements so far as health libraries are concerned? Amongst the many definitions of service agreements perhaps the most concise is given by Sheila Pantry; a service agreement “…is a negotiated agreement, agreed between the parties, which quantifies the minimum level of service and sets out the costs and criteria for delivery.” (Pantry 2001 p.2).

In essence service agreements achieve three basic criteria viz:
(1) Customers and suppliers have documented their respective requirements and the services to be provided in return.
(2) All parties have delineated at least the minimum level of service provision acceptable to all sides for the duration of the agreement.
(3) The schedule of resources committed and costs incurred are laid out clearly for approval.

Creation of service agreements in health libraries

One of the leading exponents on the subject, Karten, sees service agreements as comprising two broad categories. Firstly, the service elements setting the context in which the agreement operates. These encompass the institutional background, objectives of the agreement, client groups, a description of the services and service standards being offered together with the associated conditions for compliance with the agreement. Secondly, are the managerial elements comprising reports on the service provider’s performance, the schedule for payments and periodic reviews to allow the parties to communicate formally on the implementation of the agreement (Karten 2001 p.2.3)

In reality, the scope and content of service agreements vary tremendously according to circumstances and needs. One of the most difficult questions in drafting a service agreement is how far it ought to go in the amount of detail prescribed in the document. An elaborately prepared agreement can become overly complex to administer and inflexible in operation, producing significant compliance problems and unanticipated costs. On the other hand a very broad document, through its vagueness, risks confusion over responsibility for management and disputes over costs. Much depends on both individual circumstances and the institutional context in which the agreement is created in determining the degree of complexity of a service agreement.

The feedback from responding libraries, presentations by service providers and reports in the literature leave no doubt that the process of creating the service agreement is crucial to its successful outcome or otherwise. Unavoidably this means service agreements demand time to prepare. If an agreement is rushed and the parties have only a poor understanding of their mutual requirements and expectations it will almost inevitably fail. A consensus between supplier and purchaser on the services provided is essential for a service agreement to enjoy any probability of success.

There are four critical steps in the creation of service agreements that can be defined under the headings of communication, demand, assessment and costs.

Communication:
Communicating effectively and fully with all the parties to a service agreement in the drafting stage is fundamental. Reporting on its experiences with service agreements the University of Cape Town noted that “lack of communication led to acrimony between support departments and internal customers...[it] underpinned a prevalent sense of ‘us and them’ and weakened alignment between support services and the core business...” (Dixon 2002 p.203).

Demand:
There must be an evident demand on the part of the purchaser for the specified service/facility and senior management must be supportive of such an arrangement. This may seem obvious, yet comments from our survey’s respondents indicate that, in some instances, negotiations were initiated without the endorsement of senior administrators on both sides. Reports testify that such gambits will run into difficulties owing to a lack of understanding as to the purpose of the agreement in the first place and a poor appreciation of its implications amongst responsible managers.
Assessment:
Before entering into any commitments service providers must realistically assess what, and how, they are able to provide – and equally important – are unable to provide, to a potential client agency. Factors to be assessed include:

- Level of available staff expertise
- Designating which staff will be involved in delivering services for the agreement
- Impact such service provision will have on other aspects of the library’s operations eg access priorities for different user groups to collections
- How will services be delivered and in what time frames

Costs:
The agreement must determine how costs will be calculated. Payments may be based on a range of cost indicators applied either alone or in combination. These indicators may be for the number of staff involved, occasions of service, hourly labour rates or the costs of supplied products. Consideration also has to be given as to the means of raising service charges and the frequency of payments (Clarke 2002 passim).

Contents of health library service agreements – Suggested core elements

From the information supplied in responses to our 2001 and 2003 surveys (usually on an informal, confidential basis) the service agreements which we saw varied greatly in complexity. They ranged from lengthy descriptions, enumerating the services to be provided and under what conditions, to simple, one-page statements of intent. Most contained at least several criteria in common (Correspondence to authors 2003).

Other criteria were strongly recommended by survey respondents, or by writers, reporting on their experiences in the literature. Hence, it is possible to identify a number of core elements that may be considered for inclusion in library service agreements, subject as always, to individual operational needs. These may be summarised accordingly:

1) Introduction
A brief outline of the purpose of the agreement, why it has been created, which institutions/entities are involved and who/what in authority is actually entering into the agreement.

2) Rationale – (Optional)
Succinct statement of the aims of the agreement and what it seeks to achieve for the negotiating parties.

3) Client Groups for the Agreement
Identify, at least in broad terms, the intended clientele/user groups covered by the agreement. This clarifies which groups are to benefit and will avoid potential confusion over the entitlements of users who are beyond the intent and funding of the agreement.

4) Service Description
Either in the document itself, or an attachment, describes the services and functions offered by the Library to the other party. Outline the range and levels of service provision along with any restrictions and limitations. It may also be advisable to list exclusions, those services/functions which will not normally be supplied, so that all parties understand exactly what is being offered and not offered.

5) Conditions of access to external libraries/collections
Often overlooked but can be the cause of major difficulties. As a result of the agreement does the contracting party gain access to other collections in any consortia or networks, either explicitly or implicitly? What are the implications for the Library or the network as a
whole if such access is gained or sought? It could be desirable to spell out limitations on such access in the document to avoid problems with libraries not party to this particular agreement.

6) Governance/representation between parties
If the purchasing entity has any involvement in the administration of the library service, or acquires representation on an advisory committee, then their role must be carefully defined to prevent conflicting demands between the library's parent agency and the entity concerned. The allegiance of the library is primarily to its own organisation and the agreement ought not to leave any doubt on this score.

7) Dispute resolution
Following on from above the means for dispute resolution is an essential component of any agreement. A dispute resolution mechanism is a key feature in the event of conflicts over the interpretation of an agreement. It will set out clearly the process by which disagreements may be handled with a documented "escalation procedure" and designated senior officers with the authority to resolve serious differences.

8) Performance measurements – (Debatable)
This is controversial. Some agreements specify criteria to measure compliance with enunciated service levels eg time lines in fulfilling ILL requests. Others refrain from doing so, as it is often impracticable or too time consuming to observe such measurements. On one hand, performance measurements demonstrate to both parties the degree of compliance with agreements. On the other hand they can impose unrealistic work burdens on library staff. They can become politically fraught if the contracting party believes it is receiving less than satisfactory service.

9) Funding/payment procedures
This section determines how the funding will be provided; from which sources, how often and who authorises payments. As well, a clause on how to deal with any instances of extraordinary expenditure over and beyond the agreed service funding levels could be usefully included.

10) Frequency of agreement reviews
The schedule of costs (refer to below) should be revised annually to reflect price movements and developments in technology. The agreement itself may be reviewed on a frequency of one to three years; any longer runs the risk of inherent obsolescence emerging in its provisions. Precise dates for when the agreement is to begin and end ought to be specified and, perhaps, a date for advance notification to review the document prior to the agreement's expiry.

11) Schedule of costs
In an important sense the heart of any service agreement are the declared costs and funding levels for the services/functions being supplied. There seems to be a general consensus that actual funding and pricing structures should be treated separately as attachments or appended schedules to the service agreement document. This permits an annual revision of pricing structures without having to amend the agreement itself and usually will involve a shorter process for gaining approvals.

Implementation of agreements

Amongst those who have reported on their experiences in implementing service agreements certain vital pre-conditions or caveats are commonly recited as being highly influential, even decisive, upon the final outcome. Communication has already been alluded to but bears emphasising. Potential problems or risks must be identified before a formal document is
drafted. As far as possible all major interest groups affected by an agreement should at least be made aware of the negotiations in case unforeseen hindrances arise after the agreement is concluded. A certain rapport between the parties to an agreement is essential both in developing an agreement and in making adjustments as conditions change.

The key issues perceived by librarians’ reports on preparing draft service agreements are:

- Keep the service agreement as concise as practicable, at least at the onset. The fewer conditions spelt out the easier its implementation with less room for disputes over levels of compliance.
- Be realistic about any proffered services, what can be delivered to whom, when and how. This point is extremely important in dealings with non-library organisations. Generally speaking, they have no idea of the costs involved in supplying products and services and little understanding about permissible access under vendors’ licences. These organisations are unaware both of the amount of staff time required to maintain services and the technical issues surrounding the management of online services.
- Understand how many third parties view libraries and their concomitant ignorance of library functions. Do not make any assumptions about the knowledge of the purchasing agency if it is a non-library entity. Accept that libraries have to establish their own credibility as serious negotiating partners.
- Be aware of the attitude inside many organisations about confidentiality and record keeping across separate entities that can produce conflicts over access to sensitive data. (Clarke 20002 passim, Karten 2001 p.4.17).

Service agreements in practice – Reasons for problems

The experiences of Australian health librarians with service agreements, based on the limited reports obtained by our survey and from other sources, indicate that in practice the results are mixed. They are heavily influenced by the nature of the relationship existing between the parties at the commencement of an agreement’s operation. It is clear that a common vision, or at least mutual goodwill, between the supplier and the purchaser is crucial to the success or otherwise in the implementation of any service agreement and, equally vital, in adapting the agreement to changing circumstances (Correspondence to authors 2003).

When this goodwill does not exist even the most detailed service agreements can prove problematic. In one reported example the service agreement between two libraries contained no less than seven measurable factors to evaluate its effectiveness and to justify the agreement’s continuation, or not, as the case warranted. However, the library supplying the services never submitted the required statistics to the purchasing library until several months past the agreement’s renewal date. There was no mechanism in the document as to when exactly the specified statistics had to be submitted. Lacking this vital data the purchasing library not only found adjustments to the agreement very difficult to achieve upon renewal of the agreement, but also, was unable to resist constant pressures for service fee rises at the time of the annual renewals.

This librarian noted that whereas they, the purchaser, have always seen the agreement as a fee for service arrangement the other supplying library views the agreement as payment for access to a “good collection” which can not be so easily measured and quantified. To quote the reporting librarian this divergence in perceptions “… shows that the flaw in the agreement is we don’t have consensus on the basis for determining the annual charge”. (Correspondence to the authors, 2003).

Where service agreements for health libraries often seem to run into trouble is where they form part of a broader inter-agency agreement in which the library is but a minor aspect of a range of services being offered to a purchasing institution. In these instances there is
frequently an absence of managerial consultation with the supplying library on such points as the criteria for performance review, appropriate renewal dates and desirable operational amendments to the document. Several survey respondents noted they had been denied any direct authority, or even involvement, in the drafting and revision of the relevant documents so that they might reflect actual library experience and identified needs. This unsatisfactory outcome occurred because the library component was subsumed into larger agreements covering diverse subjects like catering, maintenance, stores and security.

Under these circumstances major problems arise with compliance levels for relatively low scale operations such as the average health library, combined with often unrealistic expectations or simple ignorance on the part of the purchasing agency about the nature of library services. In the words of one librarian in these situations so far as the purchasing agency is concerned “... the laundry service level agreement is more important to them than the library service level agreement” (Correspondence to the authors, 2003).

Other problems librarians reported encountering with service agreements are:

- The absence of mechanisms to assess if payments for designated facilities such as negotiated staffing time to support clients are, in truth, being applied to those purposes.
- An obligation to control delinquent borrowers without having any means of verifying membership applications being submitted to the supplying library from rotating staff.
- No public acknowledgment by the supplying library to users of the role, or even existence, of the purchasing library. This tends to marginalise the library of the purchasing agency amongst its own clientele.
- Inadequate data on either the manner or the extent to which users from the purchasing agency are accessing services and facilities from the supplying library.
- Demarcation disputes over responsibility for the performance of designated functions by either the purchasing or supplying entity ie who does what, when and by how much?
- Poor cooperation on procedural matters such as covering for staff absences or undertaking document delivery at remote sites. Respondents reported these procedural problems diverted time and energy into unplanned and unfulfilled activities.

Service agreements in practice – Reasons for success

On the other side of the ledger reported experiences testify to the advantages of well prepared and well administered service agreements for all parties. Obviously the flow of additional revenue to the supplying library enables it to consolidate and improve staffing levels or collections or both. For purchasing agencies a good service agreement affords access to collections, products and expertise otherwise beyond the capacity of the parent institution to offer to staff out of its own resources. Economies of scale are achievable through the aggregation of funding, staffing and collections to support multi-agency service delivery with a larger client base and budget. There is also the imprecise, yet decided, political benefit in being seen to provide services and facilities across multiple institutions and sites (Bell 2002 passim).

Successful service agreements are characterised by clearly delineated objectives that have been arrived at by a process of negotiations involving all parties with a direct interest in the outcome. In more concrete terms librarians who have effective working service agreements stress these key factors:

A) Common needs between parties
Agreements were the result of a commonly perceived need between the negotiating parties. This is crucial. If an agreement is considered by one side as an imposition the agreement will prove problematic and likely to fail in the long run. Shotgun marriages do not succeed with service agreements.
B) **Direct Library participation**

Any agreement must be the product of direct negotiations, or at the very least, consultation between libraries, if a library to library arrangement, or between the library and the purchasing agency. In all the reports we received of successful service agreements the document was written, either in whole or in part, by the library or libraries and unambiguously endorsed by the purchasing entity. Deferral to a non-library party of the entire authorship of a service agreement is an almost certain pre-condition for serious compliance problems, if not outright failure.

C) **Avoid diversion of services and resources**

As far as practicable any supplied service or resource ought to be self-sufficient and not compete with the provision of services to the library’s own institutional clientele. Supporting an external entity should not divert resources at the expense of the needs of the supplying library. Firstly, this impairs the library’s capacity to support the staff of its own parent agency. Secondly, in the event of the service agreement being terminated the provision of services and products may become financially unsustainable for internal operations as well.

D) **Aim for concise and broadly defined agreements**

The weight of experience appears to favour concise and general agreements with broadly defined conditions. Standard corporate templates for SLAs are often too complex for libraries. The goods and services provided do not lend themselves to the precise, quantifiable criteria found in many corporate activities and, frequently, library functions are less costly to operate. Service agreements for health libraries ought to avoid being overly detailed or prescriptive. It is imperative that agreements are flexible to meet changes in the operational environment. Strictly applied conditions may create difficulties with interpretation and raise unrealistic expectations about compliance levels for all parties. Generally speaking concise outlines are preferred to lengthy criteria.

E) **Ensure clarity and transparency in agreements**

A central role of a service agreement is to make clear and incontrovertible which services/products are being offered, and equally important, which are not. It must also define the targeted client groups to prevent later arguments over the eligibility of different categories of users to receive negotiated services and facilities. The assignment of tasks and reciprocal obligations between the respective parties must be clear and easily comprehensible to prevent misunderstandings emerging.

F) **Maintain regular communication**

All respondents to our survey repeated the theme in the literature of how vital communication is between the parties to an agreement. This essential, yet intangible, factor lubricates the day to day operation of any service agreement. Failure to regularly communicate will compromise the implementation of any agreement. Much depends on circumstances and personalities so it is not easy to describe exactly how to maintain effective means of communication. However, some system of regular reporting by all parties to an agreement is highly advisable. This remains true even in those cases where the utilisation of services is spasmodic to avoid later questions about sudden surges in demand. Good record keeping, at least for the occasions of service, specified prices and date of payments will help reduce the probability of arguments over compliance and performance, particularly when the agreement is due for renewal.

**Conclusion**

The success or failure of a service agreement in Australian health libraries is very dependent on the institutional environment surrounding each library. There is no easy “golden mean” that guarantees a successful outcome for a service agreement. It is evident however, that
fulfilling a number of criteria are fundamental to increasing the chances of an agreement actually working and continuing. In summary these include:

- A shared need amongst parties for an agreement
- Direct library involvement in the negotiations
- Good communication and some sort of rapport between the parties
- Flexibility in drafting and implementing any agreement
- Avoidance of overly elaborate and detailed documents
- Clear delineation of services being provided and clients served
- Well defined reciprocal obligations and responsibilities between supplier and purchaser
- Clearly enunciated timeframes for the operation and review of an agreement
- A willingness to either refuse entering into an agreement, or abandoning one, when it is obvious such an agreement is not value for money for any one of the parties.

In the final analysis service agreements are worthwhile when all the participants believe they are receiving a useful and cost-effective deal. When that perception is missing, or disappears, service agreements are an institutional millstone and should be ended before recrimination takes hold. Goodwill by all parties is the key to any service agreement upon which all else stands or falls.

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References

Correspondence to authors. (2003), Results and reports from confidential surveys and interviews on service agreements conducted by the authors during 2001 and 2003. The Queen Elizabeth Hospital, Adelaide.


(The Sydney based law firm of Gilbert & Tobin has published several papers at its web site exploring the issues revolving around service level agreements and the more basic service agreements. Excellent background from an Australian perspective on the legal aspects of service agreements and their relationship to judicially enforceable contracts.)


