Comments and Notes Ref IATA AHM803 Service Level Agreement (SLA) Example

Sofema Online (SOL) www.sofemaonline.com Considers key elements contained within the SLA and considers the following:

- **Key Aspects of an SLA**

- **Challenges in Implementation**

- **Best Practices**

The AHM803 Service Level Agreement – Example Document (SLA) sets a structured approach to managing service performance in aviation ground handling. However, effective implementation relies on clear definitions, real-time monitoring, and strong collaboration between service providers and airlines

Key Aspects of a Service Level Agreement (SLA)

Service Scope

- **Definition**: Clearly outlines the services provided, operational coverage (timings, areas), and exclusions.

- **Elements**: Aircraft turnaround services, maintenance support, baggage handling, fuel delivery, catering, etc.

    - **Example 1**: Aircraft turnaround services include ground power unit (GPU) connection within 2 minutes of aircraft parking and cabin cleaning to start immediately after passenger disembarkation.

    - **Example 2**: Baggage handling includes offloading all checked baggage within 10 minutes of aircraft arrival and ensuring loading starts at least 20 minutes before departure.

Performance Standards

- **Metrics**: Includes measurable Key Performance Indicators (KPIs) such as on-time performance (OTP), baggage delivery time, ground handling duration, and response times.

- **Benchmarks**: Standards based on industry best practices or IATA guidelines like AHM 803.

- o **Example 1**: Ground handling duration must not exceed 45 minutes for a narrow-body aircraft turnaround (e.g., A320).

- o **Example 2**: Fuel delivery must begin within 5 minutes of the aircraft being parked and be completed within 20 minutes for a scheduled fuel load.

Roles and Responsibilities

- **Parties**: Clear delineation of tasks between the service provider (e.g., ground handling) and the client (airline/operator).

- **Ownership**: Each performance element is assigned to a responsible stakeholder.

  - o **Example 1**: The ground handler ensures GPU availability and readiness, while the airline ensures timely arrival of catering trucks.

  - o **Example 2**: The maintenance team handles aircraft checks during turnaround, while the ground operations team manages passenger boarding procedures.

Resource Availability

- **Equipment and Personnel**: Availability and readiness of ground support equipment (GSE), staff coverage, and qualifications.

- **Maintenance**: Standards for equipment and GSE maintenance to ensure reliability.

  - o **Example 1**: Availability of **two tow tractors** during peak hours to ensure no delays due to equipment shortage.

  - o **Example 2**: Ensuring all ground staff are certified and equipped with **headsets** for efficient communication with the cockpit crew during taxi-in and pushback.

Communication and Reporting

- **Reporting**: Regular performance reports shared with the client to evaluate SLA compliance.

- **Escalation Matrix**: Hierarchical communication for operational disruptions or performance issues.

- **Example 1**: A daily performance report with on-time performance (OTP) metrics delivered to the airline by 10:00 AM.
- **Example 2**: Immediate escalation of flight delays exceeding 15 minutes to the airline's operations control center, accompanied by a root cause analysis within 24 hours.

Penalties and Remedies

- **Performance Breaches**: Consequences for failing to meet KPIs, such as financial penalties, discounts, or compensation.
- **Remedial Actions**: Corrective plans to address performance lapses.
  - **Example 1**: Extreme weather conditions such as hurricanes that ground flights are exempt from SLA penalties.
  - **Example 2**: Labor strikes by third-party fuel suppliers causing refueling delays are considered force majeure.

Force Majeure

- Provisions for circumstances beyond control (e.g., extreme weather, strikes) that prevent SLA fulfillment.
  - **Example 1**: SLA to be reviewed quarterly, with provisions for updating KPIs based on traffic increases or operational changes.
  - **Example 2**: Either party can terminate the agreement with **90 days' written notice** in case of persistent SLA non-compliance.

Review and Termination

- Provisions for periodic SLA review, renegotiation, and termination conditions.

Challenges in SLA Implementation

Ambiguous Definitions

- Vague performance terms can lead to misunderstandings (e.g., unclear on-time thresholds).
  - **Example 1**: "Timely baggage delivery" is unclear if no specific time metric (e.g., 10 minutes) is defined.

- o **Example 2**: "Equipment availability" may cause disputes if the agreement does not specify the **number** of backup units required during peak periods.

Measurement and Monitoring

- Gathering accurate and timely performance data can be difficult, especially with manual reporting systems.

    - o **Example 1**: Manual tracking of baggage delivery times leads to inconsistencies; automated systems are required for accurate data.

    - o **Example 2**: Delay in consolidating fuel truck arrival reports results in inaccurate performance analysis for SLA audits.

Resource Constraints

- Shortages of GSE or trained personnel may affect service quality.

    - o **Example 1**: Staff shortages during peak flight hours cause delays in cabin cleaning operations.

    - o **Example 2**: Ground support equipment breakdowns (e.g., belt loaders) hinder timely baggage loading.

External Disruptions

- Events like weather delays, technical failures, or third-party delays can impact SLA fulfillment.

    - o **Example 1**: Sudden weather disruptions (fog, snow) delay de-icing processes, impacting OTP performance.

    - o **Example 2**: Third-party fuel provider delays due to road blockages interrupt scheduled refueling timelines.

Lack of Accountability

- Poorly defined responsibilities may lead to blame-shifting between the client and service provider.

    - o **Example 1**: When turnaround delays occur, unclear division of responsibility between the airline and ground handler causes disputes.

- o **Example 2**: Passenger disembarkation delays due to late-arriving buses cause ripple effects without a clear accountability framework.

Alignment with Airline Goals

- Airlines may have specific expectations that don't align perfectly with standardized SLAs.

    - o **Example 1**: Airlines seeking aggressive turnaround goals (e.g., 30 minutes) may conflict with realistic service provider capabilities.

    - o **Example 2**: Airline OTP targets during peak holiday seasons may not align with ground handler resources stretched thin.

Best Practices for SLA Management

Clarity and Specificity

- Use clear and measurable KPIs with specific timeframes and benchmarks (e.g., baggage delivery within 20 minutes post-arrival).

    - o **Example 1**: Baggage unloading to commence within 2 minutes of chocks-on, with a total unloading time of 15 minutes for a narrow-body aircraft.

    - o **Example 2**: Cabin crew to be notified within 1 minute after GPU connection for electrical power availability.

Stakeholder Involvement

- Collaboratively define SLAs to align expectations between service providers and clients.

    - o **Example 1**: Airline and ground handler jointly conduct SLA workshops to align performance expectations and understand challenges.

    - o **Example 2**: Regular coordination meetings to discuss SLA adjustments during major operational changes, like fleet expansions.

Automation and Data Integration

- Use real-time performance tracking tools and automated systems to collect and analyze data efficiently.

Regular Reviews

- Conduct periodic SLA reviews to address gaps, align with operational changes, and drive continuous improvement.

    - o **Example 1**: Bi-annual SLA reviews to realign KPIs based on seasonal traffic changes and performance trends.

    - o **Example 2**: Incorporation of root cause analysis findings into SLA revisions for continuous improvement.

Training and Development

- Ensure all staff are well-trained and fully aware of SLA requirements, performance standards, and corrective measures.

    - o **Example 1**: Monthly refresher training for ground handling staff on new turnaround procedures or safety protocols.

    - o **Example 2**: Cross-training staff to handle multiple roles (e.g., baggage loading and GPU operation) to improve flexibility during peak hours.

Risk Management

- Develop contingency plans for disruptions, including backup resources and alternative processes.

    - o **Example 1**: Backup ground handling equipment like belt loaders available during high-traffic operations to avoid service disruptions.

    - o **Example 2**: Contingency staffing plans for ground operations in case of unexpected absenteeism.

Transparency and Communication

- Maintain open communication channels and provide regular performance updates to stakeholders.

    - o **Example 1**: Sharing real-time performance metrics through an airline-operator portal to ensure transparency.

    - o **Example 2**: Immediate escalation of OTP breaches with hourly updates to the operations center.

Balanced Penalties and Incentives

- Use both penalties for non-compliance and incentives for exceeding performance benchmarks to drive motivation.

  - o **Example 1**: Providing a **5% discount** on turnaround fees for exceeding OTP benchmarks by 10% or more.

  - o **Example 2**: Penalizing delays with **deductible credits** for future service charges to ensure accountability.

Next Steps

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