

Customer Support Metrics 101:

First Call Resolution

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An eBook by



First Call Resolution Defined

As far as metrics go, First Call Resolution (FCR) is one of the most important and useful metrics measured for the customer service and support or contact center. But many organizations find it difficult to properly measure and determine FCR impact on the support center and the business as a whole. Smaller organizations may feel this metric won't apply as well to them, but it is always best to know how you are doing in your efforts to keep customers happy and coming back.

A good definition creates a framework to hang the rest of the practice on. Here is one definition, from Kristin Robertson's book "Spectacular Support Centers: Best Practices for Small to Mid-Sized Help Desks and Technical Support Centers"¹:

[FCR] is both an efficiency measure and an effectiveness measure. It is a leading indicator of customer satisfaction because customers want their support requests resolved immediately. Also important to the support center because high FCR saves money. Beware of putting too much focus on this metric without balancing it with re-open rates.

As you can see, there is a caveat at the end of the definition. We know that you only hire the best, most ethical and hard-working support agents for your customer service center, but just in case, keep in mind that most metrics can be influenced by user behavior. In this case, an agent may "resolve" an issue and close it when it is not really resolved. The ticket must then be re-opened or a new one created to complete the resolution.

A shorter, more mathematical definition comes from the SQM Group:

FCR performance is the percentage of customers who achieved call resolution in one call.

In other words, the name is pretty self-explanatory.

¹ <http://www.krconsulting.com/products/>

According to the SQM Group², the current **call center industry average for number of calls to resolve a customer's problem is 1.4**; one-third of customers must call back to complete the resolution. How satisfied do you suppose that one-third is with the service they received?

As I mentioned earlier, not all calls can be resolved the first time. Complex problems may require multiple troubleshooting steps, long processing times, or are simply the contact center version of a case for Sherlock Holmes. With a quality product, this should be rare. Increasing FCR rates will give your contact center more time to deal with these calls when they do come in.

Now that you know the definition of FCR, you are probably itching to discover the best way to measure it so you can start getting some numbers together.

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² <http://www.sqmgrou.com/>

Measuring First Call Resolution

First of all, First Call Resolution is determined by the customer. That's right, *the customer*. This is one metric that cannot be squeezed out of the customer service and support system or from the agents themselves. Reports from those sources have little meaning.

The only one who can decisively tell you that the problem was fixed, and in one call, is the customer. You'd be surprised to find out how scary that proposition is to some organizations. I think this points to some suspicions that they already know they aren't performing well in this metric.

Think about it. If you only look at whether the customer called back again for the same issue, you will miss all those customers who didn't bother to call back, who resolved things themselves or through forums and friends, or who just stopped using the product. Maybe even (*gasp!*) returned it.

Measuring it

Here are some Best Practices from the SQM Group³:

- Ask the customer to complete a post-call survey over IVR
- An FCR focused survey asks "Was your call resolved?" and "How many calls did you make to resolve your inquiry?"
 - ✓ If the answer is only one call was made, the customer had first call resolution
 - ✓ If the call is transferred to another department or tier or service, it still counts as first call resolution because the customer didn't have to call back.
- Determine your FCR performance by Level of Business (LOB), segment, call center, manager, call type, skill set, customer value, outsourcer, etc.

³ <http://www.sqmgroupp.com/>

Since we said the customer decides FCR and that using other internal methods wouldn't be very good, here are five methods of measuring FCR as determined by the customer. Again, thank you to the SQM Group⁴:

Measuring FCR by Customer Perception

Post-Call IVR Survey	Immediately after or phone within 1 hour of call to ask customer whether issue is resolved.
Post-Call Phone Survey	Phone customer within 2 business days of their call to ask if issue is resolved.
Post-Call Web Survey	Customer receives web-based survey within 3 business days of call asking if issue is resolved.
End of Call Script	Agent asks customer at end of call if issue is resolved, link to QA evaluations.
Voice Menu	Customer asked in IVR menu if this is first call made to resolve issue.

There were other ways to measure FCR but be aware that they are expensive, less accurate, and less effective. They also tend to over-inflate the numbers by about 15% making it appear that FCR less problematic.

- QA Call Monitoring: QA evaluators decide if FCR definition was met
- Call Back: Call record is checked to see if the customer called back within 2-5 business days (apparently no way to tell if a second call could have been about a different issue).
- Case Management/CRM: Agent uses desktop software app to keep track of first call resolutions.

Each of the above 8 methods can, and should, be used in combination as each method highlights a different side to the story and establishes differing levels of accountability for FCR improvement. Just as you shouldn't focus too heavily on this metric, you also need to know more than one side to the story.

A benchmark is needed to find out where you are on the line with FCR. You need to know where you started to find out if you are improving. You can also set a target but *do not manage to the target*. Use these answers as part of an ongoing investigation and improvement project to increase the first call resolution without creating another problem that can lower customer satisfaction.

⁴ <http://www.sqmgroupp.com/>

If it helps, SQM Group shows that the average company has a callback rate of about 29% while a world class call center usually only has 10-15%...something to aspire to. And not impossible to reach; others have done it.

Now we know the definition and how to measure FCR. Next, we talk about how improving your FCR benefits the business and how each point can be used to build a business case for implementing FCR metrics into your call center.

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What Is the Big Deal About First Call Resolution?

We know the definition. We know some ways to measure it. But why bother? Isn't this a lot of work?

Well, we could just say that customer satisfaction usually increases and employee satisfaction as well. But the bottom line is.....the bottom line. A poor first call resolution rate translates into decreased profits. A great first call resolution rate translates into increased profits. And you would never guess how big the financial impact is.

Decreased Costs of Operation

Well, that makes sense, doesn't it? Each call fielded costs a certain amount of money. If more than one call is needed to resolve an issue that should have been fixed in only one call, operating costs are pushed up.

In fact, Dr. Jodie Monger, president of Customer Relationship Metrics, has an excellent illustration of just how much those extra calls can cost you. Here is the formula:

$(\text{Number of Calls by Customer}) \times (\% \text{ Total Problem Calls}) = \text{Number of Additional Calls}$

$(\text{Number of Additional Calls}) \times (\text{Cost per Call}) = \text{Revenues Lost in Timeframe}$

If your cost per call is \$5.00, you have 200,000 calls to resolve each quarter, and repeat calls add up 138,000 extra calls, that's \$690,000 per quarter. That is over \$2.75 billion annually.

Even scarier: decreasing customer satisfaction can hit the bottom line 5-10 times harder than that. Can you afford that? How can any business in this economy or any other survive annual losses of \$13.75 billion or more?

Improved Customer Satisfaction

The metric with the biggest impact on customer satisfaction is first call resolution. According to the SQM Group, there is a 1:1 correlation between the two. For every 1% increase in FCR there is a corresponding 1% increase in customer satisfaction rates.

Increased Opportunities to Sell

If you fix the problem, especially the first time, you have a much greater chance to sell that customer something more. In fact, if the customer's issue is not resolved, you really haven't earned enough trust to even think about hinting to them to buy anything else from you. Put yourself in the customer's shoes. And no, don't say, "I don't suppose you would like to buy something else?" Yes, I have actually been asked that.

They have a problem with your product. Customer service couldn't fix it. And now you want them to buy something else from you. Not happening.

Fix it first; you will have a 20% greater acceptance of your cross-selling efforts. If you don't fix it and try to sell to them anyway, you get a very irritated, possibly former, customer.

Improve Employee Satisfaction

Handling that second or third call from an irate customer with a problem that should have been resolved the first time is extremely stressful. How many times can an agent do this in a day and still like his job? How could he even imagine coming back tomorrow? Absenteeism and turnover, thy name is Low FCR Rates.

High FCR rates = higher employee satisfaction rates which translate into higher customer satisfaction rates.

Win-Win-Win.

Reduce Customer Loss

SQM research has shown that only 1% of customers are at risk of defecting to a competitor if the issue is resolved on the first call. This is as opposed to 15% of customers at risk to leave you if their issue is not resolved at all.

This type of customer loss has the biggest impact on the contact center's revenues. If you have looked above at the math, you will be way ahead of the pack in knowing how much that is costing annually.

I hope those numbers didn't completely fry your circuits. Next, how to increase FCR, an introduction to some of the tools and practices to put in place, and a collection of links to more resources.

First Call Resolution in Action

We have defined it, measured it, and asked why we do it. Now we get to *how* we do it. Sometimes called a philosophy more than a metric, first call resolution (FCR) is an entirely customer-centric measurement. *If the customer does not agree that it was fixed and on the first call, then there was no FCR.*

DO...

Remember that customer perception of FCR is the most important and requires follow-up, closure, feedback, and monitoring.

Make FCR reflective of customers' values, expectations, and perceptions.

Make sure FCR results drive Continuous Improvement (CI) at all levels.

Give support professionals the proper training, empowerment, tools to support higher levels of FCR.

Market and communicate - reward and recognize FCR contribution, achievements, and results.

DON'T...

Focus on FCR alone without multiple perspectives.

Only measure that "it was done" (checklist) versus "how it was resolved and what the experience was."

Make it self-serving in scope, definition, and data collection and manipulation. It's not about "hitting the numbers."

Be more concerned with call resolution than issue resolution.

Measure only the FCR. Balance with other quality metrics.

From McGarahan and Associates: "The 5 Do's of FCR"⁵ (This resource is available online but may require a signup or registration.)

⁵ <http://www.bsmreview.com/firstcontactresolution.shtml>

Once you have measured your FCR rates for a bit, you will likely see some areas that could improve the metric if they were fixed. Ideally, those will be the issues that are high in frequency and cause a severe decrease in customer satisfaction.

5 Fundamentals for a successful FCR program

Identify repeat calls accurately (remember what we said about those internal methods of measuring FCR doing poorly here?)

Know why customers are calling (apparently, some call centers do not know this)

Drive performance data to your front line employees (they can't improve if they don't know where the problem lies)

Improve agent performance through actionable insights and targeted coaching (not "hey, ya gotta do better")

Track the impact of your efforts (otherwise how will you know if you improved?)

From Enkata⁶ (This resource is available online but may require a signup or registration.)

As found by the SQM Group⁷, the customer support representative is the source for about 44% of failed FCRs. That does not mean CSRs are bad at what they do. It means they likely did not receive the training they needed and/or the information they require to perform their job is unavailable or inaccurate.

First of all, make sure to hire the right people. Just like not everyone can be a firefighter, not everyone is cut out to work as a support agent. Then make certain to train them on both the product/service they are to support and how to interact appropriately with customers.

Give them an accurate, up-to-date knowledgebase that is easily searched. Make sure they have the tools and upper level management support to resolve or escalate the types of problems your customers call in with.

That takes care of nearly half the problem.

⁶ <http://www.enkata.com/forms/whitepaper.php?id=234>

⁷ <http://www.sqmgroupp.com/>

Other Areas to Consider For Improvement

- ✓ *IVR usage*
- ✓ *Redirection to other channels or call deflection*
- ✓ *Company policy*
- ✓ *Call length*
- ✓ *Language issues*
- ✓ *Issues with product/service that should or must be fixed*

Technology Can Also Lend a Hand

- ✓ *Intelligent skill based routing*
- ✓ *Screen pop-ups with call type*
- ✓ *Knowledge management*
- ✓ *Roaming knowledge experts and knowledge expert availability*
- ✓ *Multiple contact channels*
- ✓ *Call wrap-up solution*
- ✓ *Verification self service*
- ✓ *Virtual hold*

In order for any improvement to occur, you need management's committed support, the awareness of all levels of employees about the need for FCR, those same people must be held accountable for the success or failure of the metric, and create a recognition program for CSRs that achieve high first call resolution and customer satisfaction goals.

Make upper management bonuses contingent upon customer performance metrics. Let your CSRs know you expect them to take ownership of the call resolution rate by asking the customer themselves if the issue is resolved. Coach every level about FCR rates and their importance. The customer service and support center must focus on CSR retention, hiring, and training new CSRs with the FCR commitment and goals.

Ways to support the FCR initiative include escalation procedures where the customer is transferred to the next level of support but not required to repeat himself. Call flow must be managed effectively and appropriate process improvement measures must be used.

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PhaseWare, established in 2005, is based in McKinney, Texas, part of the Dallas-Fort Worth Metroplex.

Further Reading:

FCR initiatives can take time, effort, and management support but when the ROI comes in it is well worth it.

Here are a few links to resources for First Call Resolution:

www.SQMgroup.com

www.metrics.net

www.crmxchange.com

www.slideshare.net/michaelfisher/first-contact-resolution-the-performance-driver

<http://fcrba.iccbc.org/>

<http://www.icmi.com/>

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