

MANAGEMENT ROI



The Myths and Realities of First-Call Resolution

By Marilyn Saulnier, Service Agility

FCR is a widely misunderstood metric.

But if measured appropriately against previous performance, it can drive positive business results.

Improving first-call resolution (FCR) is an important way to enhance your customers' experience while increasing your organization's overall efficiency. But there is one caveat with FCR, as with all call center metrics: The call center cannot satisfy your customers on its own. There needs to be a corporatwide commitment to serving customers, and a culture that fosters a continuous cycle of improvement across the enterprise. Your center may have well-trained, highly skilled agents, but if your products fail and delayed shipments and billing errors are common, your customers will still defect to your competitors. FCR can help to identify broken processes and ineffective policies, but addressing the problems requires strong, collaborative leadership at the senior management level. Without that, FCR is just another meaningless, misunderstood metric that fails to live up to its potential.

Defining First-Call Resolution

While FCR is getting a lot of attention these days, it is not a new concept. Ever since call centers came into being, back in the 1970s, we've continually pursued the "one-and-done" ideal. Now that call centers are more mature and we recognize the value of earning customer loyalty on every interaction, FCR has evolved into a more sophisticated, high-profile metric. The definition for FCR is straightforward:

$$\text{FCR} = \frac{\text{TOTAL NUMBER OF CALLS RESOLVED DURING FIRST CONTACT}}{\text{TOTAL NUMBER OF FIRST CALLS}}$$

That seems simple enough, but don't be fooled: *The definition is the only simple thing about FCR.*

The challenge lies in how to determine with certainty that the customer will not have a reason to call back. FCR is an elusive metric that typically requires multiple measurement methods. The table on page 2 shows the various techniques commonly used to track FCR, and the advantages and disadvantages of each. As you can see, relying on any one method will likely result in biases and skewed data. Research by customer experience agency TARP Worldwide found that agent self-reporting typically results in 20% higher FCR than customer-reported methods, illustrating the importance of using several measuring techniques and then correlating the results to close the statistical gaps.

Establishing an FCR Goal

Like most call center metrics, there is no one-size-fits-all when it comes to FCR, so you'll need to determine a goal that's appropriate for your organization. There are many factors that impact FCR objectives, such as complexity of the interactions, industry compliance issues, customer demographics and level of self-service options. We often find a false sense of pride in many organizations that achieve 93% to 95% FCR. They're often not providing viable self-service options, driving up their overall operating costs.

Before establishing an FCR goal, you'll need to benchmark your current performance. There are sev-

Continued on page 2

Continued from page 1

eral ways to get a baseline measure of your current performance:

- Establish a control group of agents to track FCR by call type on every call for a few weeks.
- Have your quality assurance team listen to hundreds or thousands of recorded calls, and capture FCR by call type and reasons for unresolved calls. They should not be scoring these calls, but simply focusing on gathering FCR data.
- Conduct customer surveys through follow-up calls or via IVR post-call surveys, if you have the technology in place. Collect a month's worth of data, correlate and analyze results to identify your current FCR performance.

Establish an FCR project team to assess the data, review the reasons for unresolved calls, identify opportunities for self-service and initiate policy and process changes. Once this

phase is completed the project team will be positioned to make appropriate recommendations for FCR goals by call type.

Research studies show dramatic variations in FCR performance from 50% to 95%, with the highest concentration around 70% to 75%. Many call centers doom themselves to failure by establishing FCR goals that are simply not achievable in their organizations. Conducting an internal analysis will help you to determine an objective that makes sense for your center.

Generating ROI on FCR Improvement

During the performance benchmarking phase, the FCR project team can collect information to develop a return on investment (ROI) on FCR performance improvement. The table above shows a basic ROI calculation on reducing calls handled:

If your average handle time (AHT) changes as you reduce the calls handled, you can

calculate the ROI based on workload (calls x AHT) vs. straight calls handled. Keep in mind

Basic First-Call Resolution ROI

Based on 2 million calls handled annually with \$5 cost/call

FCR Performance	Repeat Calls Handled	Savings vs. 75% FCR
75%	500,000	-
85%	300,000	\$1,000,000
90%	200,000	\$1,500,000

that the savings from handling fewer calls is only one of the benefits of improving FCR performance. Others include:

- Decrease in agent turnover due to improved job satisfaction — calculate the savings from agent retention.
- Increased revenue through more successful upsell/cross-sell efforts — calculate the increment increase.
- Reduction in customer defection — calculate by Customer Lifetime Value.



Commonly Used Techniques for Measuring First-Call Resolution

Method	Advantages	Disadvantages
Agent self-reporting	<ul style="list-style-type: none"> ▶ Ease of implementation ▶ Minimal investment required 	<ul style="list-style-type: none"> ▶ Agent bias ▶ No way to correlate to customer callback on the same issue
Ask caller at end of call	<ul style="list-style-type: none"> ▶ Based on customer's perspective ▶ Minimal investment required 	<ul style="list-style-type: none"> ▶ Customer may not know if the issue has been resolved until later ▶ No way to correlate to a customer callback on the same issue
Quality monitoring program	<ul style="list-style-type: none"> ▶ Utilizes existing formalized quality program ▶ QA team can validate all agent activity, including communication to customer and accuracy of documentation and follow up ▶ Ability to analyze results by call type and identify process improvement and call center training opportunities ▶ Ability to provide FCR-focused feedback and coaching to the call-handling agent 	<ul style="list-style-type: none"> ▶ Can be costly to get significant sample size ▶ Based on subjectivity of QA team
Post-call surveys (IVR)	<ul style="list-style-type: none"> ▶ Provides immediate feedback from the customer's perspective ▶ Moderate investment required ▶ No bias if customer opts for survey ▶ Ability to provide FCR-focused feedback and coaching to the call-handling agent 	<ul style="list-style-type: none"> ▶ Customer may not know if the issue has been resolved until later ▶ Agent bias if it's their option to offer the survey
Post-call surveys (followup call)	<ul style="list-style-type: none"> ▶ Provides immediate feedback from the customer's perspective ▶ Moderate cost to support ▶ Ability to provide FCR-focused feedback and coaching to the call-handling agent 	<ul style="list-style-type: none"> ▶ Customer may not know if the issue has been resolved until later ▶ Difficult to reach customers
FCR-tracking technology	<ul style="list-style-type: none"> ▶ Measures performance by call type ▶ Identification of process improvement opportunities ▶ Ability to track FCR by call type 	<ul style="list-style-type: none"> ▶ Major investment required ▶ If customer calls back from work, cell phone or other phone number data may not be captured

Eight Strategies to Improve FCR Performance

- **Educate and communicate FCR value to senior management.** Create a formal presentation for senior management and department heads. Give examples of issues impacting FCR and customer satisfaction that can be resolved through process and policy changes. Set up a formal crossdepartmental process for reviewing findings, addressing issues and measuring results.
- **Listen to your customers.** Find out what's important to your customers through regular focus groups and surveys. Use the findings to modify processes, revise policies and procedures, and make changes to product and service offerings.
- **Conduct agent focus groups on a regular basis.** Agents typically handle hundreds, sometimes thousands, of calls per month and can provide a wealth of information on customer expectations, broken internal processes and policies that make no sense. You'll be missing a golden opportunity if you don't tap into this gold mine of information.
- **Provide agent training and coaching.** Train agents to anticipate customer needs and communicate the relevant information during the interaction. For example, instead of "I have applied the credit to your account," agents should say, "I have applied the credit to your account. It will appear on your second billing cycle, which will be your April 10th invoice." Providing the additional information will minimize callbacks and customer dissatisfaction when the credit does not appear on the next invoice.
- **Empower agents.** Give your agents wide latitude in resolving customer issues. Customer satisfaction drops dramatically when callers are put on hold, transferred or if they must be called back by the agent or supervisor to get their issue resolved. If you do an effective job training and coaching your employees, trust that they will make good decisions.
- **Workflow most frequent call types AND most frequent call types unresolved on first call.** Take the time to document the workflow of common call types and call types that are most often not resolved on the first call. It's a tedious process to detail the step-by-step customer interaction, including systems accessed, data requirements, decision points, documentation, etc., but your efforts will be rewarded with many "aha" moments when process improvement opportunities present themselves.
- **Measure FCR by call type.** Some interactions by nature require customers to call back and others should never require a callback. Measuring FCR by type allows you to more effectively assess your FCR performance and focus your resources where they are most needed.
- **Set appropriate agent metrics.** Don't confuse your agents by establishing conflicting metrics. Management often loses credibility by saying that quality is most important, but then basing agent performance primarily on calls per hour and/or average handle time. Each interaction will need to be as long as it needs to be for the agent to handle it in the manner he or she has been trained. Focus agent performance metrics only on the things that within their control, such as quality monitoring scores, schedule adherence and FCR (only if it's being accurately measured).

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