

FIRST-CALL RESOLUTION

CUSTOMER SERVICE SUPER METRIC

PhaseWare eBook



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## CHAPTER 1

# DEFINITION

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.



[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.”

*Kristin Robertson  
Spectacular Support Centers*

## CHAPTER 2

# MEASURING FIRST CALL RESOLUTION

First Call Resolution is determined by the **customer**. FCR 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. 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 returned it.

# Measuring it

- 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.
- 

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.

## CHAPTER 3

# WHAT'S THE BIG DEAL?

A poor first call resolution rate translates into **decreased** profits.

A great first call resolution rate translates into **increased** profits.

# Decreased Costs of Operation

Dr. Jodie Monger, president of Customer Relationship Metrics, has an excellent illustration of just how much FCR rates can affect your business. Here is the formula:

$$\begin{aligned}
 &(\text{Number of Calls by Customer}) \times (\% \text{ Total Problem Calls}) = \text{Number of Additional Calls} \\
 &(\text{Number of Additional Calls}) \times (\text{Cost per Call}) = \textit{Revenues Lost in Timeframe}
 \end{aligned}$$

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.

Decreasing customer satisfaction can hit the bottom line 5-10 times harder than that. Can a business 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 customer's 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. Put yourself in the customer's shoes.

# Reduced 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.

## CHAPTER 4

# FIRST CALL RESOLUTION IN ACTION

### 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" (This resource is available online but may require a signup or registration.)*

# Get Started

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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