White Paper

# How to Improve First Call Resolution

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First Call Resolution affects every aspect of your business. Understand the ways it affects you, and the 6 benefits you'll get from improving it. Learn how to measure your First Call Resolution rates and then improve them.

## About the Author

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Prior to the creation of Upstream Works, Rob held the role of R&D Director for TSB International/Telco Research, where he was responsible for product development and the tactical direction of InterLYNX CT, which was renamed and ultimately evolved into Upstream Works' core product "eMedia CMAS".

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## Introduction

A large number of organizations have heard about First Call Resolution. However, it seems to be a peripheral concern as they look to increase call center efficiencies and handle issues more quickly. Ask yourself – is the impact of First Call Resolution truly understood in your call center?

Make no mistake – improving your First Call Resolution rates is of extreme importance to your business, your agents, and to you personally.

Many businesses operate remotely from their customers – your customers never come down to "the store". They deal with you online for self service, and they will phone you if they need to.

This means your call center is your store. It is the face of your business to your customers. And since it's virtual, they are a phone call away from taking their business elsewhere.

Let's look at car insurance – everyone has it. Ask yourself – what competitive differentiator does your insurance company have over the hundreds of others in the market? Are the rates really better? Are they providing something that no other insurance company is providing you? Likely, that answer is 'No'.

Your insurance company keeps you as customer for one of two reasons. You stay because they have built loyalty through great customer service. Or, you stay because they haven't given you a reason to leave.

Too often, companies rely on apathy to maintain their customer base. They have customers – what should be considered the single biggest asset a company can have – and they take them for granted.

As a result, service is poor, and churn is a huge problem.

Call centers today seek to improve productivity by increased efficiency. They are like the sprinter, who trains for years for the big race; weight lifts and runs laps; carefully monitors his diet; chooses his style of clothes and hair cut to minimize wind resistance.

And then, on the day of the race, the gun goes off….

So our sprinter leaps out of the blocks and exerts every ounce of strength and determination he has – draws upon his extensive training. Gets into the proper rhythm of legs, of arms, of breathing. He runs as fast as he can.

But in this race, there are no rules as to what you can and can't do. There are no referees to cry foul. The first person across the finish line wins.

And the competition passes him on a bicycle. Because the competition just found a more effective way to cover the distance.

 

The importance of customer service and increasing a call center's effectiveness crosses all businesses and all boundaries. And implementing a First Call Resolution strategy is the primary way to increase the overall effectiveness of your business.

The question is – how do you get a bicycle?

## The Impact of First Call Resolution

| ef·fec·tive call hand·ling [i-**fek**-tiv cal hand ling] –adjective |
| --- |
| Handling a call in such a manner that it furthers the strategic or tactical goals of a business. |

Simply stated, you need to make sure that you speak with your customers about an issue, and provide great service, once and only once. Make a mistake on the phone, and your customer has to call you back. From that moment forward, everyone starts to lose.

Multiple industry studies show the number of repeat, dissatisfied calls is between 20% and 30% of your total call volume[1].

**Let's make this really clear: 20% to 30% of every dollar you spend in your call center is spent on fixing what you didn't do right in the first place.**

And your First Call Resolution rates are directly related to your customer satisfaction rates.

In his new book, 'The Ultimate Question", Fred Reichheld, (author of "The Loyalty Effect") speaks of the Net Promoter Score – the percentage of customers who are likely to promote your services. His research found that the value of a "Net Promoter" customer is significantly higher than that of a neutral customer in bringing in word of mouth business.

Your best customer – the one most likely to recommend your services – is one who actually interacts with your business and gets great service. Pushing calls off to IVRs and self service systems often are seen by your customers as cheap substitutes to speaking with a company representative.

Self service systems remove the opportunity to listen to that customer. They eliminate your ability to earn the right to sell more to your customers.

The net of all this is that you really want your customers to call you and speak to your service reps. You want them to have a great experience with your company, and have their issue resolved. You improve your effectiveness by eliminating their need to call you back again for the same thing – calls that provide no additional value.

[1] SQM; Ascent Group, and callcentres.com.au

 

The quickest way to move someone from being a net promoter to being a net detractor is to mess up the phone call. Give them bad information. Refer them to the wrong person. In short, make a mistake that results in that customer having to call you a second, or a third, or a fourth time.

Wasting their time as they try to get an issue resolved.

And wasting your time as you throw more resources at resolving an issue for a customer whose net worth to your company is steadily dropping.

The best way to become more effective is to eliminate those repeat calls that you don't need to take in the first place.

### Using IVR to Eliminate Calls

One of our customers developed a business case for NOT using the IVR system. As a retail credit card vendor, they coveted every chance they got to connect with their customers. In fact, they put logic in their IVR to eliminate self service for select callers – those that they felt were worth more to them – by collecting the account number and then sending them straight to an agent. This had the obvious effect of increasing the overall call volumes in the call center, as they eliminated self service for a percentage of callers. It had the non obvious effect of increasing their revenues by $7,000,000 over three years by up selling those same customers.

## Why Measure First Call Resolution?

Your First Call Resolution (FCR) rate is the home run of call center statistics. **It is the single key performance indicator that has an effect on almost every other meaningful statistic and measurement in the call center.**

There are six direct benefits to be gained from improved FCR rates:

**1. First Call Resolution reduces call volumes.** Today you may be measuring call center performance through metrics like Service Level. Service Level equates productivity to the number of calls processed. It will identify issues related to calling patterns but does not allow you to improve operations except by using pre-existing processes – such as bringing in more staff.

In an FCR world, productivity equates to the number of customer issues successfully resolved. But this has a huge impact on Service Level, as a 15% improvement in FCR results in an 18% reduction in call volume. FCR improvements directly reduce cost by reducing the demand for the service.

 

**2. First Call Resolution directly affects your customer satisfaction rates.** First Call Resolution rates are directly tied to customer satisfaction. When your customers call, they are giving you the opportunity and permission to showcase the value that you provide to them. An increase in FCR translates to a corresponding improvement in customer satisfaction, an improvement in your overall net promoter scores, and overall reduced customer churn.

**3. First Call Resolution rates help you properly retain and reward agents in the call center.** In many call centers, average handle time is measured and agents are expected to meet or beat that metric, regardless of the caller's needs.

By using handle time as the prime criteria for evaluating and rewarding agents, you are encouraging agents to get rid of customers as quickly as possible. You are inducing behavior that is not related to your business' profitability.

Measurement and processes should provide incentive to your agents to solve each caller's problem first and foremost. By shifting focus from handle times and emphasizing resolving the customer's problem right the first time, you can properly determine which agents are your best performers and reward that behavior.

This helps you align the goals of each agent with strategic business goals, identify problem areas, and take corrective action through process adjustment, training, tools, or discipline.

**4. Increased FCR means increased customer revenues.** You must earn the right to do business with your customers. When you resolve an issue on the first call, the customer is open to up sell or cross sell activities. If you can't fix the problem right the first time, they will only be interested in getting their problem solved. Selling more services or upgrades is not an option.

In an average call center, increasing your FCR rates by 10% will lead to a 14% improvement in up sell ability. Additionally, you increase the number of net promoters of your business who will improve sales through word of mouth recommendations.

**5. Measuring FCR rates will allow you to improve your overall business processes.** First Call Resolution can be difficult to measure, as it involves multiple business processes and systems. By figuring out how to measure your FCR rate and then by measuring it, you start to learn what really goes on in the call center.

Repeat calls can be caused by processes and policies owned by other departments. However, good FCR measurement will provide a concrete "Price of Non-Conformance" that show executive management where the problem is and how much it is costing them.

 

**6. FCR tracking provides valuable customer intelligence.** Good FCR measurement gives you an incredible marketing asset – customer intelligence – that truly provides your business with a competitive edge.

FCR measurement goes hand in hand with call reason tracking, i.e. knowing WHY customers are calling. The process of improving FCR for different call reasons helps you identify common customer misconceptions, product issues, and problem areas that are unrelated to the contact center.

## Causes of Call Resolution Errors

The 5 Reasons for Call Backs

**A**gent Skills
**A**ccess to information
**A**uthority
**B**usiness Process
**C**ustomer Behavior

Not having problems resolved on the first call can be directly attributed to one of five causes.

**1. Does the agent have the right skills?** Ensuring that an agent has the skill and the ability to do the job at hand will allow them to resolve calls properly. Gaps can be addressed once identified by training, coaching, or modifying skill allocations accordingly.

Skill gaps may also be personnel related and reflective of staff that are not able to handle the types of calls they are receiving, or who are not appropriate for your organization. FCR tracking allows you to determine if there are personnel issues and resolve them.

**2. Does the agent have access to the right information?** Access is the key word here. If the information is available, but the agent can't find it or it takes a long time to locate, the agent will either:

a) Have increased average handle times
b) Not find the information at all
c) Provide potentially wrong information from memory
d) Guess

Make sure information is relevant, current and accessible. Your customer will do their homework before calling you; your agents need to be able to get up to speed quickly. A CRM system is great, but if it can't tell when the warranty replacement part shipped, then the agent can't resolve the call. Easy access to the multiple ERP and back end systems is almost always needed.

 

For other information that falls outside the above systems, a Knowledge Base can be a great tool to consolidate information into one place. But, a Knowledge Base must be kept up to date, and there must be a process for agents to add and correct information in it. Otherwise, it will quickly fall into disuse.

**3. Does the agent have the authority to do the job?** If your agent says, “I can’t help you because I don’t have the authority”, your company has just told the customer that they are wasting their time. The customer must call back and escalate to someone who can help them.

Often agents are given zero discretion to depart from the rigidly defined process. But giving an agent a little authority and a little flexibility can dramatically improve FCR rates. Management should provide the agents with guidance, and then back the agents up.

Customers should never have to call back to talk to a manager to get a different answer. If a resolution is clearly outside the agent’s bounds of authority, the person with authority should be brought in during the initial communication.

Unfortunately, if a caller doesn’t get the answer they want to hear, they may continue to call and escalate. If the agent has done their job appropriately, and subsequent agents have access to the caller’s history, the impact of these calls can be minimized. People are stopped cold when the second agent tells them that the first agent already addressed the issue with them during their previous contact.

**4. Does the business have the systems to back the agent up?** You’ve given the agents everything they need to do their job, but you haven’t addressed the business systems behind the call center and throughout the business. Agents are doing everything right, but there is a breakdown somewhere else in the process; the part isn’t getting shipped; the bill isn’t being credited etc... All of these create call backs.

It is the call center that takes the productivity hit, and it is the call center that has to deal with the irate customer. FCR driven process improvement WILL extend to the rest of the business. But, it is based on hard cost, customer satisfaction and churn numbers – you WILL get senior management attention and support.

A less obvious area is the self service system. If a customer has a problem with a web transaction, they will call you. From every respect, this is a single call to the call center which could reasonably be handled properly by the agent the first time. However – the entire reason for the call was that the self serve system didn’t do the job properly in the first place.

 

5. **Does the customer just want to call you back?** Some customers call at different times to speak with different agents in hopes of getting a different answer. The key to properly handling these calls is to ensure that the agent knows about previous contacts and can address the concern appropriately. Once the caller knows that you are on to them, repeat calls will drop off.

## 6 Ways to Measure First Call Resolution

Most call center reporting systems are heavily based on PBX and ACD statistics. This leads to an information gap when trying to measure FCR rates, as FCR encompasses significantly more than can be measured strictly with PBX / ACD reports.

First Call Resolution requires, at a minimum, knowing who the caller is and why they are calling:

**Know your customer's identity.** Many organizations measure FCR rates based on simple Calling Line ID tracking. This is using weak data to measure a difficult statistic. Calling Line ID has all the related limitations that you already know about – it's often missing, it's incorrect, and either it's not unique or it has multiples identities for a single number.

For proper FCR measurement you must determine the caller identity by a unique identifier. This could be a customer entered number in an IVR system, or even agent determined after the call has been answered.

**Know the reason for the call.** First Call Resolution rates will vary across different call types. Without understanding why people are calling you, you can't determine if they are calling you back to complain about an error, or to buy more products and services from you.

This illustrates that FCR is a customer focused metric, not a technology metric. Measuring it is difficult because of the additional dimensions of information required.

It is critically important to remember that understanding your FCR rate, is in itself, only a means to an end. If you are not collecting actionable information that allows you to improve your FCR rates, then you have little reason to measure it.

There are several ways to measure First Call Resolution rates, and all of them will provide you with an approximation of the real FCR rates. Even asking the customer right after a call is not 100% accurate - they may believe that their issue is resolved, and run into problems later that result in another call.

 

We recommend you measure FCR using multiple mechanisms to gain a better understanding of how well your call center is performing. To determine how to improve, you will require correlated historical data containing a broad range of telephony, agent, and customer information.

First Call Resolution can be measured in 6 different ways, with varying levels of accuracy and varying levels of cost/ capital commitment:

**1. Repeat call tracking** is one of the most powerful FCR measurement tools. It allows a business to define a repeat call horizon – the frequency in which a call back needs to occur for a specific call type, and then track FCR rates automatically.

For repeat call tracking to work, EVERY call needs to be captured. The customer and the call reason must be identified. This must happen without agent involvement – otherwise calls will be missed.

Repeat call tracking differs from other FCR measurements, as it:

- Does not rely on impressions – only relies on actual repeat calls.
- Provides FCR information on all calls, not just sample sets.
- Provides all associated information, including agent ID, customer number, call times, call reason, and multi-call correlation.

Repeat call tracking is a powerful tool that allows you to automatically collect information that can be used to determine root causes of problems.

**2. A Post Call IVR survey** captures the customer's impression of the call immediately after the interaction. FCR measurement is straightforward - the survey asks if their problem was resolved while the call is still clear in the customer's mind.

A good post call IVR survey will tie the survey to customer information and call reason, so that you can resolve any issues with a specific customer or call type.

Ideally, you attach agent IDs to the survey as well. This has disadvantages if the agent perceives that the information is used to measure them. If a secret post call survey is required, it may be best accomplished using a live call back immediately after the call.

**3. Live customer surveys** are an alternate way of collecting customer feedback. Since you are using people to perform the survey, it is a more expensive option than the IVR survey. A live survey must be performed immediately after a call to ensure that the information collected is accurate and relevant.

Live call back surveys that occur days or weeks later will be less accurate due to:

- **Poor customer recollection**. The details of the call may no longer be crisp.

 

- **Customer willingness.** The customer is more willing to speak with you about an interaction if a) you've asked permission, and b) they just called you.
- **Relevance.** The customer's perceptions in a live survey may include other contacts or non call center related service issues that are unrelated to the original call. Contacting them immediately after the call ensures that the survey will be relevant to the call that was just completed.

**4. Agent Logging** is the easiest FCR measurement to implement. Agent logging can take several forms:

- Collecting the agent's perception at the end of the call if the issue was resolved.
- Asking the customer at the end of the call if their issue has been resolved.
- Asking the customer at the start of the call if they have called about this issue before.

Agent logging may be viewed as of little value since it is often subjective and can be "gamed" by the agent. However, it has the benefit of being "real time", and when crosschecked against other FCR measurements, tells you valuable information about your agents. Also, the act of focusing your agents on providing FCR will, by itself, improve your FCR rates.

**5. Mail/Email surveys** usually have very low response rates. Response rates fall if the business does not ask permission before sending the survey out. Email surveys require that you have the customer's email address.

Survey accuracy is variable depending on how quickly the customer responds.

Email surveys should allow the customer to respond with information that is preformatted and that can be added automatically into the FCR reporting system without manual intervention. Ideally, it should be associated with the original call reason, the customer number, and the agent that handled the call.

**6. Call recording analysis** lets you define specific criteria related to FCR and then have an analytics application sample recordings to determine if the call meets the predefined criteria for resolution.

Call recording analysis requires a full time recording system, as a sampling quality monitoring package will only allow you to evaluate a small sample of FCR calls from recordings, making the results less statistically significant. Automated call analysis is subject to error, so recordings must be manually evaluated after the fact.

Full time recording used in conjunction with repeat call tracking lets management review both the original and related repeat calls accurately. This can yield valuable insight about why the repeat call was needed.

 

## How to Improve First Call Resolution

First Call Resolution starts at the agent's desk. Improving FCR involves process changes, call routing, agent training, and access to the tools and information. But knowing what to change flows from FCR tracking and reporting.

Note that FCR tracking and reporting is a rear view mirror – it can't tell you where you're going, but it will show you how you got to where you are now. But by evaluating agents based on FCR, overall forward looking process improvements can be made.

**FCR Impact** By capturing details about repeat calls, their affect on your business becomes clear. Simple cost per call calculations translates repeat calls into dollars. It's easy to justify to senior management why you want to improve training internally, or resolve specific issues outside of the call center, when you can show them a report that indicates exactly how much money these issues are costing the company.

Once you've identified some of the problem areas, you can start to determine why calls are not being handled properly the first time, and fix the source of the problem, or its root cause.

**Root Cause Analysis** A good FCR measurement process will tell you specifically what happened and under what circumstances. It should provide correlated details from the viewpoint of the customer, the agent, the call center, and the equipment. Because at this point you have no idea why the call was not handled.

And you want to solve the problem, not just mask the symptoms. Root Cause Analysis is a process that identifies an underlying cause over which management has control and which can be feasibly, economically resolved.

There are six steps to Root Cause Analysis:

1. **Definition.** (e.g. We get too many repeat calls for password reset).
2. **Gather Data.** Which you now have from your FCR measurement process.
3. **Identify issues that could cause the problem.** (e.g. Could be training, could be customer knowledge, could be system problem).
4. **Find the root cause.** Analyze the FCR data then talk with the agents. The answer may be obvious at this point, or you may need to refine your measurements or widen your investigation.
5. **Develop recommendations.**
6. **Implement.**

There is a seventh unofficial step - you want to measure to see if the solution really helped. Fortunately, your FCR system will give you a quick "apples to apples" comparison, as well as a heads up if the problem reoccurs.

 

**Agent Tools** Your agents are the delivery mechanism for your business. As a management team, your job is to provide them the tools and information they need to do the job correctly, quickly and easily. Providing them with a fancy new application with a 30 second response time will NOT help your FCR rates improve.

Human nature dictates that agents will follow the easiest path to the desired end, so make the right path the easy one. Give them tools that are fast, that eliminate repetition and prevent errors and your agents will respond – by resolving calls right the first time.

## Summary

Efficiency is up against the wall of diminishing returns, and improving First Call Resolution lets you become more effective. No other statistic affects the performance of your business like your First Call Resolution rates. It is the “Canary in the Coal Mine” for how your call center is performing for your business.

Measuring FCR is complex, and is poorly understood because of a call center’s legacy of telephony based metrics. However, once proper collection and reporting mechanisms are implemented, it becomes an invaluable business tool that allows you to use your customer base as a strategic advantage and to use your service to differentiate your company from all others.



 