

First Call Resolution



Definition, Its Benefits, Measuring It, and Tips for Improving It.



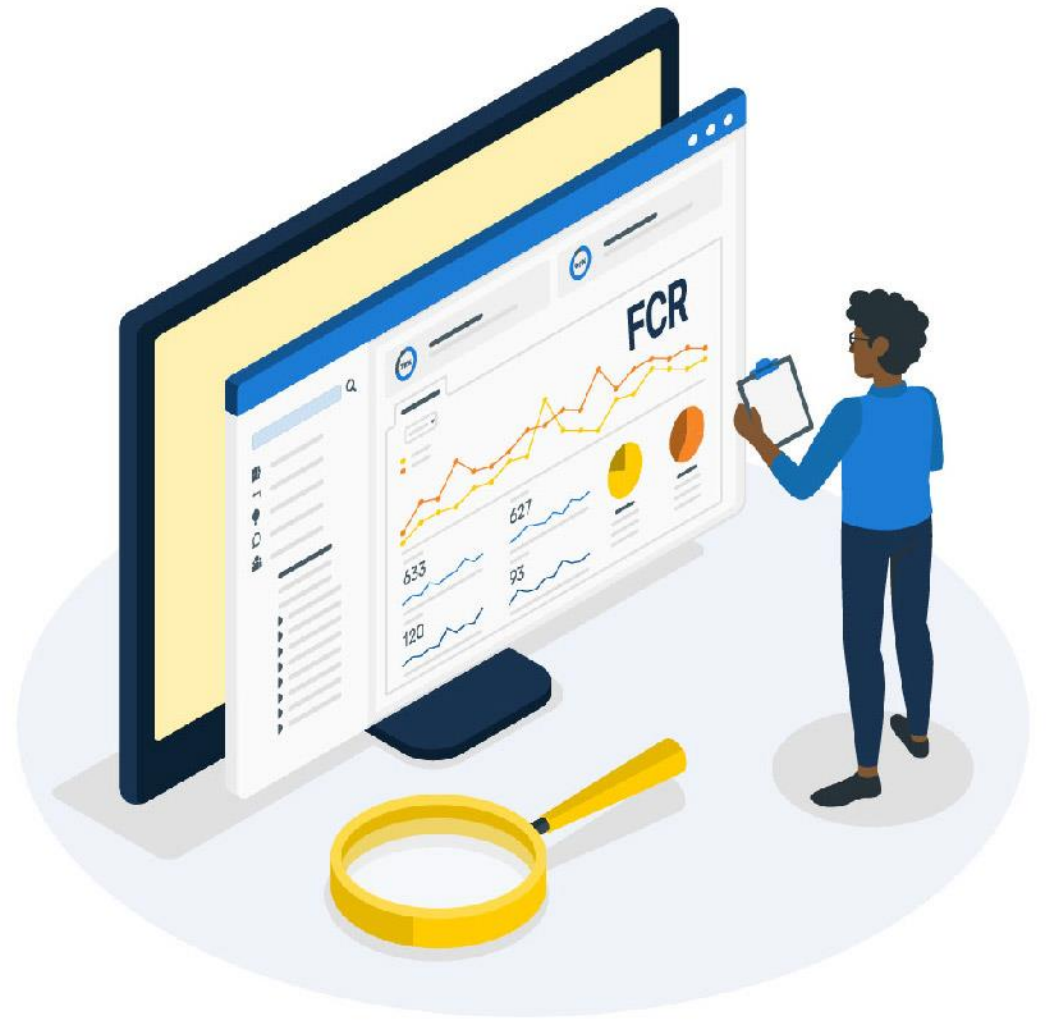


FIRST CALL RESOLUTION DEFINITION

First Contact Resolution (FCR) or First Call Resolution is a metric that measures a contact center's ability for its agents to resolve a customer's inquiry or problem on the first call or contact. FCR is one of the most commonly watched metrics in the call center industry. Ideally, the FCR definition means that no repeat calls or contacts are required for follow-up from the initial call or contact reason from a customer journey perspective.

FCR RATE

The FCR rate is the percent of customers who resolved their inquiry or problem on the first call or contact. Each contact channel should measure the FCR rate. SQM's experience shows that there can be significant FCR rate differences among the contact channels that an organization uses to serve its customers.





FCR BENEFITS

We are often asked, "Why is First Call Resolution important?" First Call Resolution KPI is the KING of all call center metrics because measuring it and improving it helps reduce operating costs and customers at risk of defection, improves employee and customer satisfaction, increases selling opportunities, and improves the Net Promoter Score®. No other call center metric provides great insights into customer service, cost, retention, referrals, and opportunities to improve as First Call Resolution does.



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Benefits for Measuring First Call Resolution

Reduce Operating Costs



For every 1% improvement in FCR, you reduce your operating costs by 1%.

Reduce Customers at Risk of Defection



95% of customers will continue to do business with the organization as a result of achieving FCR.

Improve Customer Satisfaction



For every 1% improvement in FCR, there is a 1% improvement in Csats.

Improve Employee Satisfaction



For every 1% improvement in FCR, there is a 1% to 5% improvement in Esat.

Increase Opportunities to Sell



When a customer's call is resolved, the cross-selling acceptance rate increases by 20%.

Improve Net Promoter Score®



For the average call center, every 1% improvement in FCR increases transactional NPS by 1.4.

FCR STRATEGIES



Many organization and contact center leaders struggle to define an FCR Operating Strategy and how to use it. At SQM Group, we have identified four distinctive First Call Resolution Strategies based on two variants: FCR focus and FCR scope.

These two variants can help an organization determine its competitive position for their FCR Operating Strategy they want to use in the marketplace. The FCR focus is based on either a customer experience (CX) differentiation or a lower-cost emphasis. The FCR scope is either enterprise-wide or a contact center level.

FIRST CALL RESOLUTION STRATEGIES

COMPETITIVE POSITION

FCR Focus



Legend:

Contact Center = relates to this channel only

Enterprise-wide = relates to some or the whole organization

Lower Cost = involves cost per contact resolution

CX Differentiation = involves differentiating CX based on FCR

FIRST CALL RESOLUTION OPERATING PHILOSOPHY

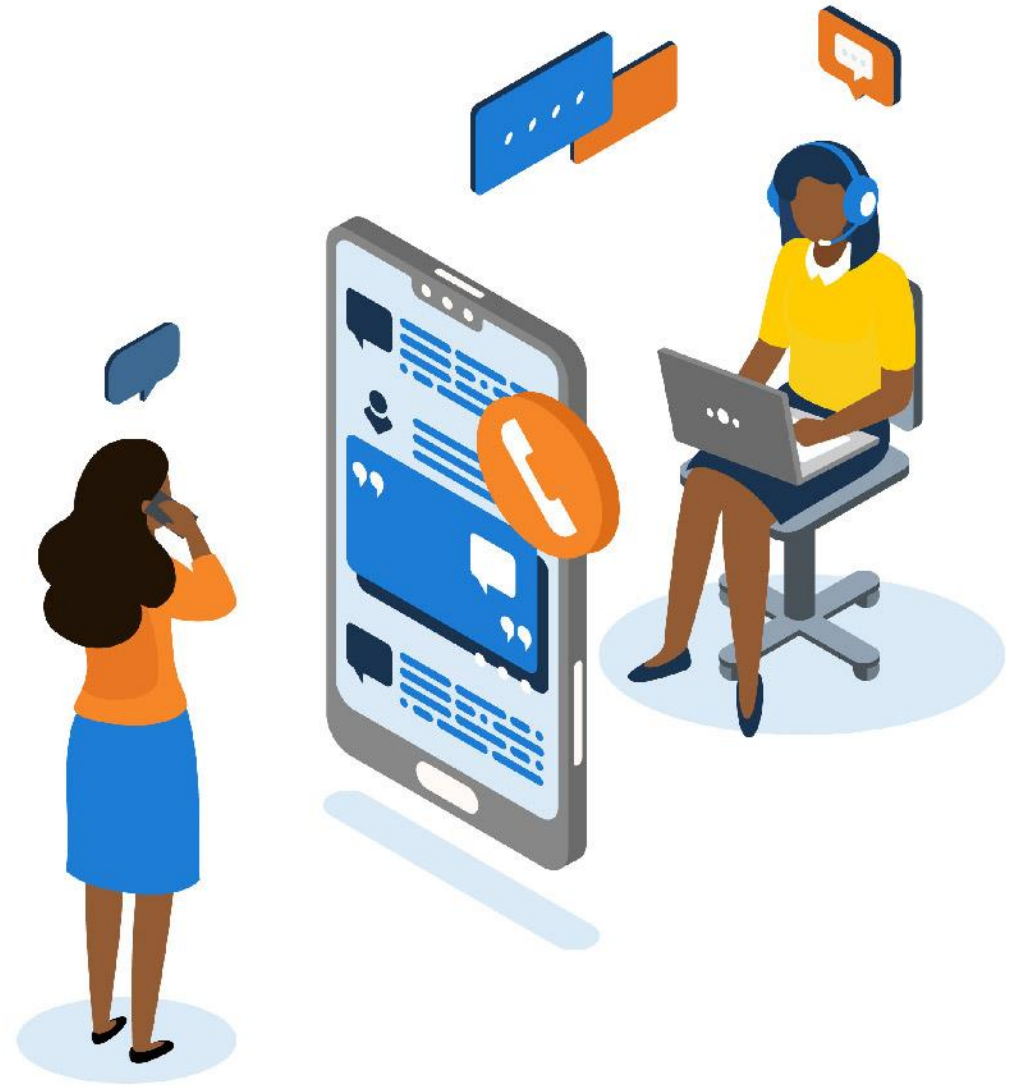
What is First Call Resolution? Our view is that First Call Resolution is more than just a metric; it is a proven call center operating philosophy for people, processes, and technology operating practices for cost-effectively delivering great customer service.

Our CX research shows that 93% of customers expect their call to be resolved on the first call. Many of our clients who have achieved world-class FCR performing call centers have developed First Call Resolution strategies and use an "FCR operating philosophy" in their core people, processes, and technology practices at the enterprise level. Furthermore, they hold all employees accountable to First Call Resolution customer satisfaction goals.



CUSTOMER SERVICE SUPPORT

SQM Group's research shows that only 1% of customers expressed their desire to stop doing business with a company when Help Desk First Call Resolution is achieved. However, when it took two or more calls to resolve an inquiry or problem, 4% of customers expressed their intent to defect. An alarming 22% of customers expressed defection if their call was unresolved.



Tier 1

Help Desk or Escalation Agents assist Service Agents for resolving calls. The call is complex and the Service Agent does not have the knowledge or experience to handle the customer's issue.

Tier 2

Help Desk or Escalation Agents take over the original call because customer demanded to speak to a supervisor, or the Service Agent realized they were unable to handle a complex or IT call.



CUSTOMER SERVICE SUPPORT

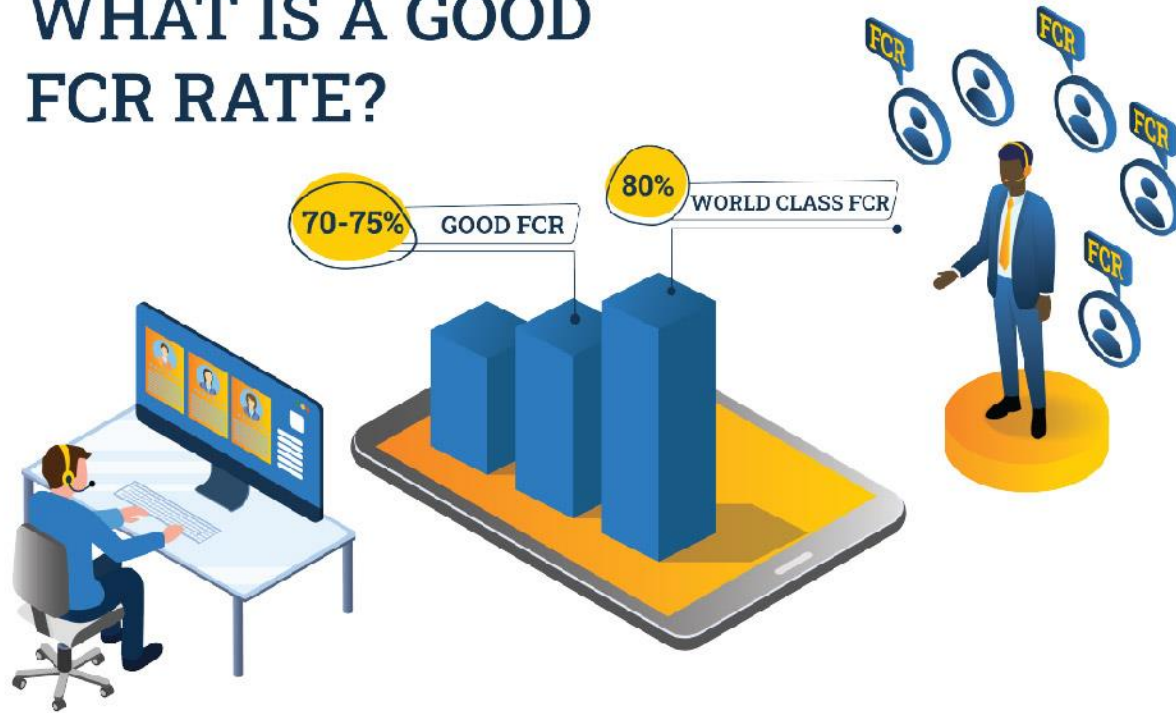
Most SQM clients use a two-tier help desk or escalation queue Agents to assist service Agents in resolving calls (tier 1), or the call is warm transferred to a help desk or escalation Agent to take over the call to resolve a complex call (tier 2).

FCR CALCULATION FORMULA

A common First Call Resolution formula used for determining the FCR rate is based on calculating the number of customers whose inquiry was resolved on their first call, divided by the total number of customers who had a unique inquiry. The FCR formula applies to external and internal FCR measurement methods.



WHAT IS A GOOD FCR RATE?



How to Measure First Call Resolution:

WHAT IS A GOOD FCR RATE?

Based on external FCR measurement, the Call Center Industry average FCR benchmark rate is 70%. This means that 30% of customers have to call back the organization about the same inquiry or problem. The First Call Resolution industry standard for a good FCR rate is 70% to 75%. The World-class FCR rate is 80% or higher and only 5% of call centers are able to achieve the World-class FCR Rate.

**Customer Decides if
FCR was Achieved**

External Measurement

- Post-Call Phone Survey
- Post-Contact Email Survey
- Agent Ask Customer



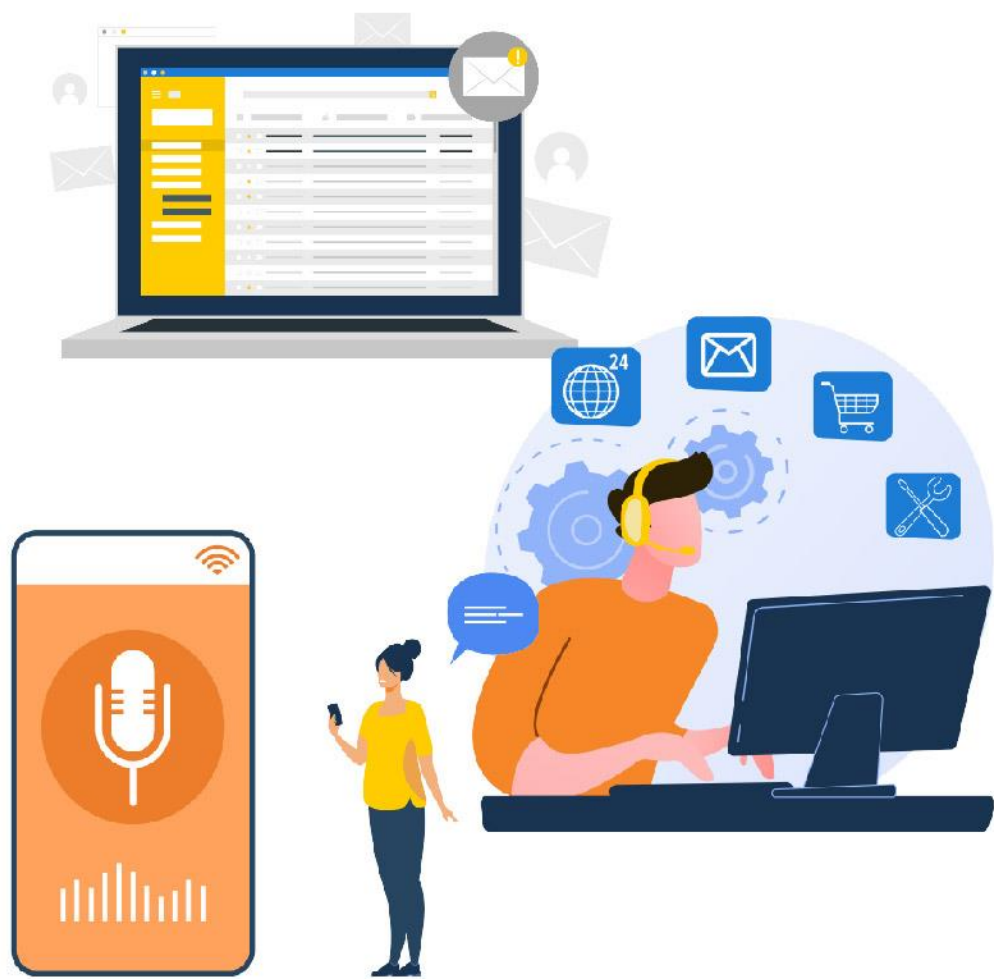
**Organization Decides if
FCR was Achieved**

Internal Measurement

- Repeat Call Technology
- QA Call Monitoring
- Case Management/CRM



First Call Resolution



How to Measure First Call Resolution:

EXTERNAL FCR MEASUREMENT

The external FCR measurement method is considered to be the most accurate method for measuring and benchmarking FCR. External measurement lets the customer judge whether First Call Resolution took place; after all, their opinion is what matters the most. In most cases, a post-call phone or email survey method is used for external FCR measurement. The external FCR method uses a standardized measurement methodology so you can benchmark First Call Resolution.

External First Call Resolution Rate Calculation

For the external post-call survey measurement method calculation, the First Call Resolution rate is based on customer survey questions. One method is asking two survey questions where a call is considered FCR if a customer answers 'yes' to the question, "Was your call resolved?" and in 'one call' to the question, "How many calls did you make to resolve your call?"

First Call Resolution rate calculation is the total number of customers who said their call was resolved on the first call (280) divided by the total number of surveyed (400) = 70% First Call Resolution rate formula.

$$\text{FCR} = \frac{\text{Total \# of Customer Resolved on the First Call}^*}{\text{Total \# of Customers Surveyed}}$$

Contact centers are encouraged to use an open-ended survey question to ask callers why they could not resolve their call on the first call. Caller feedback can be tagged for identifying call back reasons for targeted opportunities for First Call Resolution improvement.



Post-Call Customer Survey

Pros with the External FCR Measurement Method are:

- The customer determines First Call Resolution
- The best FCR, Csats, and NPS® accuracy insights of all methods
- Provides tremendous insights for improving First Call Resolution
- Can make the call center more customer service focused
- Identifies dissatisfied customers for service recovery
- Standardized measurement so you can benchmark First Call Resolution
- Provides call resolution accountability/coaching to the agent
- Has the best track record for helping improve FCR, Csats, NPS®, and Costs

Cons with the External FCR Measurement Method are:

- Highest cost method to measure First Call Resolution
- Small sample size compared to internal measurement methods
- Some customers reluctant to complete a phone or email survey
- Customer survey data only available one day or more after the call
- Having to send call list to survey vendor if using a 3rd party
- Requires following government guidelines in contacting customers (e.g., Telephone Consumer Protection Act)

How to Measure First Call Resolution:

INTERNAL FCR MEASUREMENT

The internal FCR measurement method can be very insightful for trending First Call Resolution and is widely used by contact centers. It is common for the internal FCR measurement to use workforce suites, CRM, and ACD telephony technology methods to determine the FCR rate.

The internal FCR rate is based on whether the customer called back for the same issue within 1 to 30 days. Choosing the appropriate callback time can be difficult, and as a result, there is no standard for internal FCR measurement, making the FCR rate less accurate.



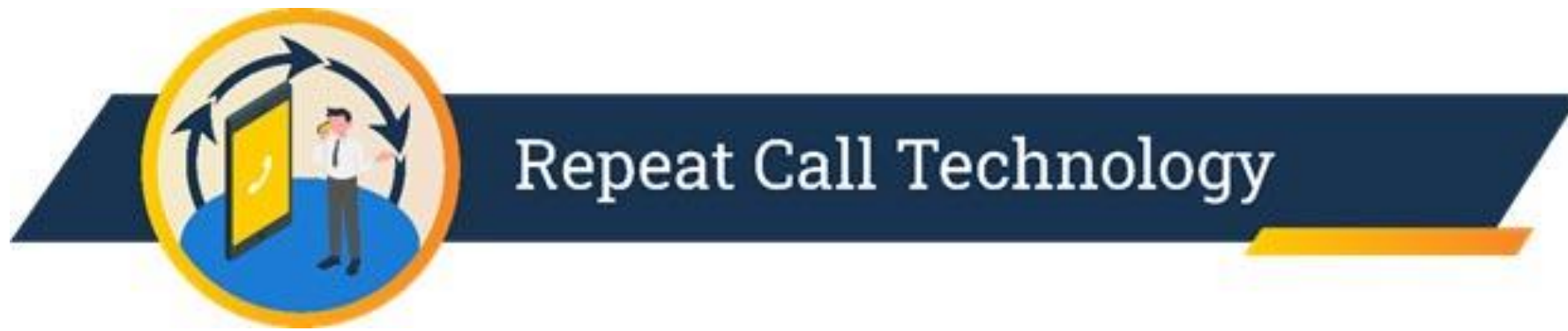
Internal First Call Resolution Rate Calculation

Each organization must decide how to define, measure, and calculate their call center internal First Call Resolution rate. The key is to determine the First Call Resolution data-gathering criteria (e.g., call types, transferred calls, escalated calls, caller identification, and specific time frames for repeat callers) measurement approach. Once the data-gathering method is chosen, you need to decide how to calculate FCR.

The FCR internal measurement approach for calculating First Call Resolution only looks at calls resolved on the first call divided by the total number of first calls, which we call unique inquiries.

First Call Resolution rate calculation is the total number of calls resolved on the first call (7,000) divided by the total number of unique inquiries (10,000) = 70% First Call Resolution rate formula.

$$\text{FCR} = \frac{\text{Total \# of Calls Resolved on the First Call*}}{\text{Total \# of Unique Inquiries**}}$$



Pros with the Internal FCR Measurement Method are:

- Utilizes existing workforce suites, ACD, and CRM technology
- CRM and speech analytics can be used to do deep-dive analysis for repeat calls
- These methods are the lowest cost method for measuring First Call Resolution
- Can customize data gathering criteria for measurement
- Provides extensive data for trends and fail-points
- It can be used for agent accountability and coaching
- Provides organizational insights that customer cannot

Cons with the Internal FCR Measurement Method are:

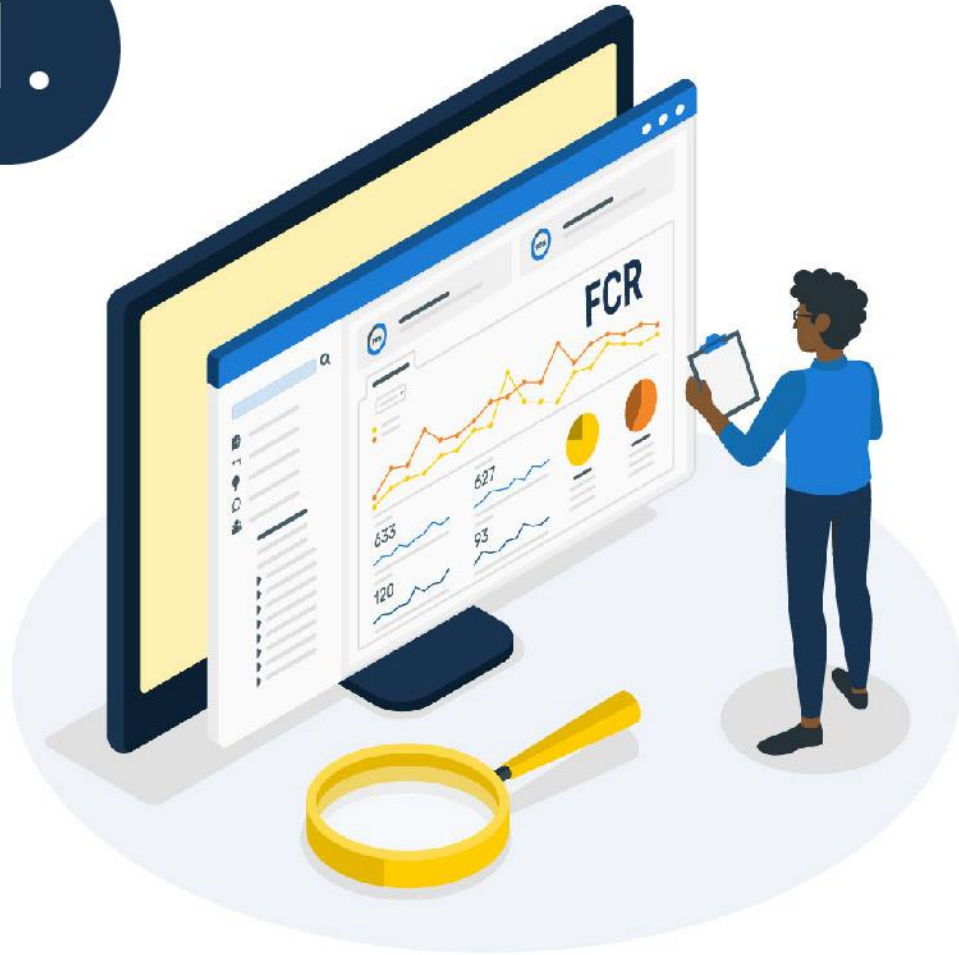
- The organization determines if the call is First Call Resolution
- Can conflict with external data
- Can substantially overstate First Call Resolution (e.g., 10 to 20%)
- Does not provide Csats or NPS improvement insights
- Can make a call center less customer-centric focused
- Measurement is not standardized, hindering your ability to benchmark FCR
- Does not have a consistent track record for improving

First Call Resolution Tips

It is often said that it is hard to measure First Call Resolution accurately but even harder to improve it. Many call center leaders do not know what are the First Call Resolution best practices. SQM Group's research shows that only 5% of contact centers improve FCR 5% or more in a given year. Below is how to improve First Call Resolution tips using SQM's FCR Improvement Cycle:



1.



MEASURE FIRST CALL RESOLUTION RATE

Measure, benchmark, and track the First Call Resolution rate using external and internal measurement methods continuously. Common examples of internal and external FCR measurement methods are:

Internal Methods: agent logging, quality monitoring, reopened issues, and repeat call tracking

External Methods: post-call phone surveys and email surveys

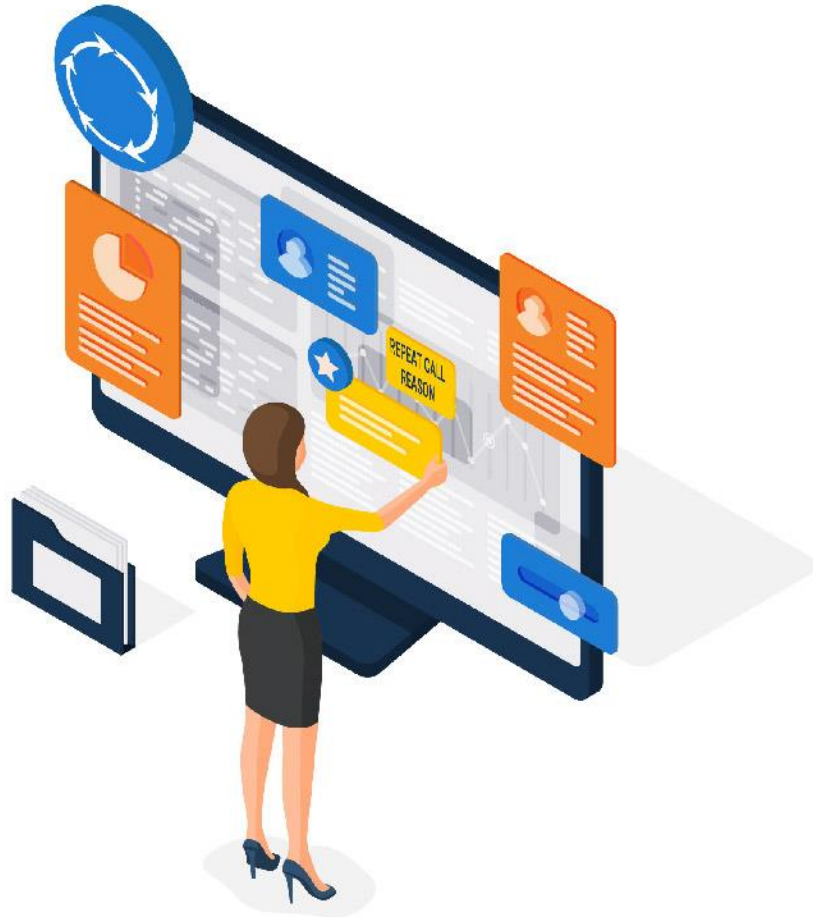
2.



IDENTIFY REPEAT CALL REASONS

Identify repeat call reasons, use a post-call survey to identify customers who did not achieve First Call Resolution, and ask them open-ended questions about why they could not resolve their transaction on the first call. Also, use CRM and speech analytics to review and analyze callers that experienced a repeat call. Develop repeat call reason categories and then tag customer feedback into repeat call reason categories (e.g., agent soft skills, billing, the status of the inquiry, complaint, agent knowledge, and First Call Resolution training).

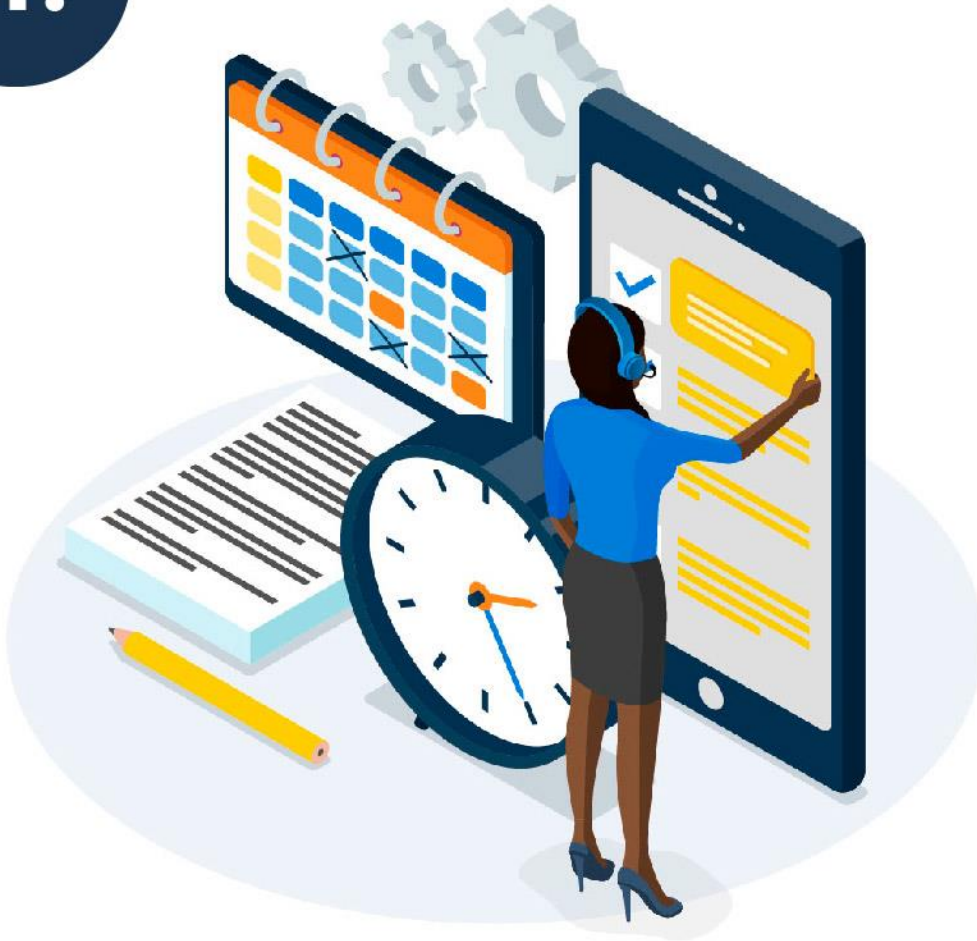
3.



DETERMINE REPEAT CALL REASON TO IMPROVE

Determine which repeat call reasons to improve by leveraging the data identified in the repeat call reason categories. Targeted opportunities for improving a specific repeat call reason should be based on the criteria of high-frequency and low customer satisfaction. It is essential to focus on improving on only 2 to 4 repeat call reason categories at a time.

4.



DEVELOP ACTION PLAN TO IMPROVE FCR

Develop an action plan on how to improve First Call Resolution based on repeat call reasons targeted opportunities identified. The action plan should include the 5 W's (i.e., what, when, who, why, where) and how. The action plan will need to be reviewed and championed by senior management or a steering committee and include First Call Resolution scripts, tips, and training for agents.

5.



DETERMINE FIRST CALL RESOLUTION GOAL

Determine your FCR goal by conducting a call center First Call Resolution benchmark of your FCR rate using an external measurement method with a 3rd party specializing in First Call Resolution research. Then, based on your current FCR rate, establish an FCR rate improvement goal for the call center. Many organizations' FCR goal is to strive for the call center industry 1st quartile (75% FCR Rate) or the world-class (80% FCR Rate) standards level. A conservative FCR improvement goal is 1% to 2%, a moderate FCR improvement goal is 3% to 4%, and an aggressive FCR improvement goal would be 5% or more.

A best practice is to hold all employees (e.g., CEO to Agent level) accountable to the First Call Resolution goal.

How SQM Can Help Your Organization Improve FCR

Since 1996, SQM has been a contact center FCR expert specializing in measuring, benchmarking, tracking, and improving FCR. At the heart of our services is SQM™ FCR Insights software, FCR research, best practices consulting, and awarding for FCR performance. We are passionate about helping contact centers improve FCR, deliver a great customer experience, reduce operating costs and customer defections, and increase NPS.

SQM clients use our proven survey questions in real-time or near-time of the transaction with their customers to provide FCR rate and improvement opportunities. SQM provides Agents and managers FCR data immediately after the survey takes place. The FCR data is actionable, and Agents and Managers can make quick improvements. SQM is simply the best contact center industry SaaS CX firm in North America for measuring, benchmarking, tracking, and improving FCR.

Give SQM a call or email to see how we can help you with your FCR efforts.

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About The Author



Mike Desmarais, MBA, is the founder and CEO of SQM Group, an organization dedicated to helping call center clients improve FCR. Mike is considered an FCR Expert and has a proven track record for helping leading North American call centers improve FCR. Mike is the inventor of VoC First Call Resolution measurement and has written five thought-provoking call center FCR books and dozens of FCR blog articles.

