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Research Report

First-Contact Resolution

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Overview

Every now and then, an acronym emerges and takes hold of the contact center industry. These acronyms usually stand for industry-changing, paradigm-shifting business strategies — such as TQM (total quality management) or CRM (customer relationship management). However, once in awhile, an acronym comes along that seems less imposing on the surface, but has a dramatic impact on how contact centers work.

FCR — first-contact resolution (a.k.a., first-call resolution) — is one such acronym. In recent times, FCR has risen to the forefront of performance metrics, causing many a contact center to rethink and, in some cases, totally revamp, how they view contact center performance and success.

Who can blame them, what with study after study and expert after expert highlighting the potential impact that FCR has on operational costs, customer satisfaction, employee satisfaction and revenues driven by the contact center?

Is all this hype justified? Well, yes and no. There's no refuting that FCR is a powerful metric; however, experts have seen many contact center managers jump on the FCR bandwagon blindfolded — failing first to take a look at what the metric really means, how best to measure it, and the impact it has on their specific contact centers.

To better understand FCR and how effectively and consistently today's contact centers are measuring this mighty metric, ICMI conducted a survey on the topic in January 2008. In all, 298 contact center professionals — representing a wide range of countries, industries and center sizes — participated in the survey.

The results did not reveal the most positive of pictures: Surprisingly, we found that nearly half of centers are not even measuring this critical metric, and those that *are* measuring it, are doing so ineffectively.

The following are the major findings from the survey.

Study Results

Collectively, survey respondents work in contact centers of all different sizes: 20.2% of respondents work in centers employing 51-100 full-time agents; 17.9% work in centers staffed with 21-50 agents; 17.6% work in centers of fewer than 20 agents; 15.6% in centers with 101-200 agents; 15.3% in centers with 201-500 agents; with the final 13.4% of respondents working in very large centers of more than 500 agents.

Financial Services topped the list of industries represented in the survey — with one in five respondents (20.6%) working in Financial Services contact centers. Other industries represented included: Medical Insurance (7.3%); Government (6.9%); Telecommunications (6.5%); Utilities (6.5%); Medical Healthcare (6.1%) and Property and Casualty Insurance (5.7%).

The vast majority of respondents (80.2%) work in contact centers whose primary function is customer service; among the remaining respondents, either technical support (10.9%) or sales (8.9%) is the primary focus of their center.

Though most of the survey respondents work in U.S. contact centers, professionals from numerous other countries also participated, including dozens from Canada and several from Mexico and Central/South America, Western and Eastern Europe, India and Pakistan, Southeast Asia, Australia/Pacific Rim, Africa, and the Caribbean. Other countries/regions that were represented include Japan and the Middle East.

FCR for Phone Calls

Despite FCR being considered by experts to be one of the most critical contact center metrics — and the one that has the biggest impact on customer satisfaction — only 51.2% of respondents reported that their center measures FCR for phone calls handled by live agent.

It is certainly a concern that so many centers would ignore FCR as a performance measure. Without gauging how well the center is resolving customer calls on the first contact, organizations have no way of managing FCR, and thus risk having high operational costs (due to unnecessary repeat calls). Just as concerning, these centers risk losing a dangerously high number of customers (due to frustration with poor service and/or support) and agents (due to burnout caused by handling frustrated customers).

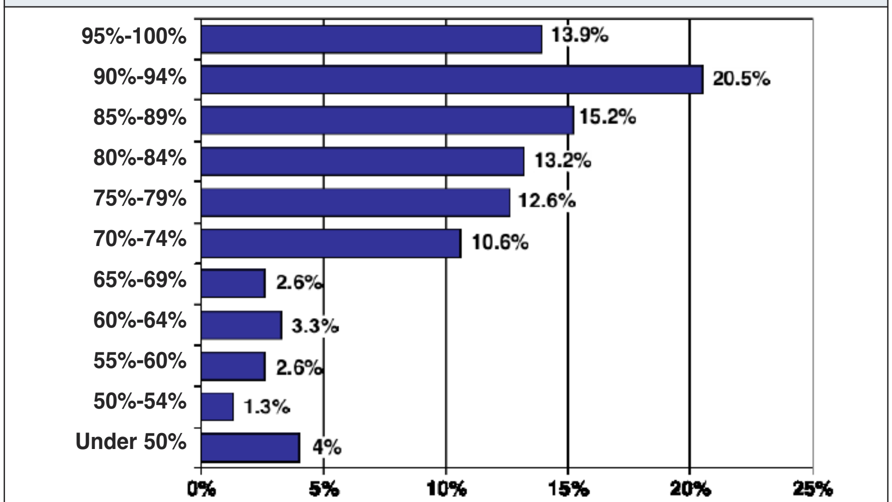
Most of the centers that do take the time to measure FCR for phone calls report a suspiciously high FCR rate: Slightly more than one in three respondents indicated that their center achieves an FCR rate of 90%-100% *(see Figure 1)*. Experts estimate that the true industry average for FCR for phone calls is about 70%; in our study, the average among all respondents was well into the 80-percentile range.

Not that FCR rates of 90%-100% are impossible to attain and maintain, but the fact that so many centers reported such stellar rates raises eyebrows, and draws attention to a couple of possible problems:

1. Too high an FCR rate could indicate that agents are handling too many simple, routine calls that could easily be avoided entirely or handled via self-help channels (IVR, Web), thus reducing operating costs and agent burnout *(see "First-Call Resolution: Why Higher is Not Always Better," on page 9)*.

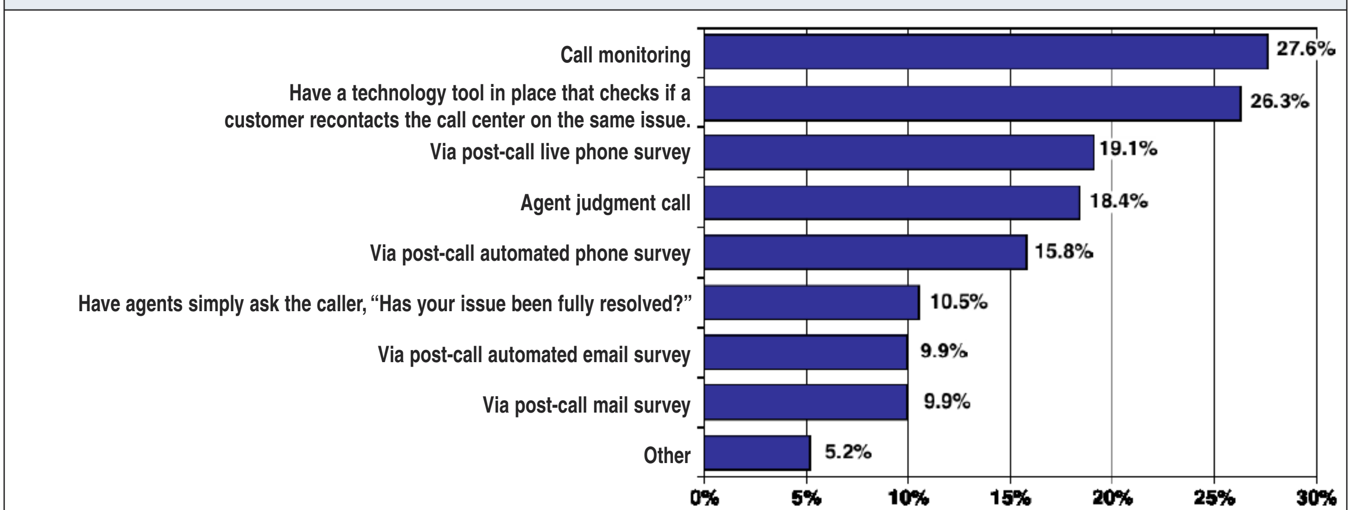
2. Too high an FCR rate often

Figure 1. FCR Rate for Phone Calls



Note: Due to rounding, some percentage totals may not equal 100.0 percent.

Figure 2. Methods for Measuring FCR for Phone Calls



points to an even more common problem — ineffective and inconsistent measurement methods.

The most common FCR measurement method cited by respondents is measurement via quality monitoring (27.6%) — evaluating a random sample of calls and determining what percentage of calls were fully resolved on the first contact. *(See Figure 2 on the previous page.)* The problem with this method is that, in addition to burdening quality assurance specialists with having to make important judgment calls, the method does not take into account a very crucial factor in FCR measurement — the customer's perspective.

Nor does the second most common FCR measurement method: gauging FCR rates using a technology tool that checks if a customer recontacts the call center within a predetermined amount of time on the same issue (26.3%). This method is particularly dangerous because centers that rely on it are assuming that callers who don't call back must have had their issue resolved and are thus satisfied. But what about callers who become so frustrated over ineffective support they decide to take their business elsewhere? Using this method in conjunction with other more customer-centric measurement methods can be effective, but relying on callbacks alone to gauge FCR is, at best, ineffective and, at worst, devastating.

Another common method of FCR measurement that fails to consider the customer perspective and that often leads to deceptively high FCR rates is the use of agents themselves to determine call-resolution status. This method, used — unfortunately — in nearly one in five centers (18.4%), entails the agent making a judgment call at the end of the interaction as to whether or not the customer's issue was fully resolved, then logging the result into a system that tracks FCR. In addition to not incorporating a customer's eye view of FCR, this method indirectly encourages agents to "fudge" results. How? Many centers today — eager to make big improvements to FCR due to the resounding impact of this metric — reward agents and teams whenever they meet or exceed predetermined FCR objectives. So, naturally, in such centers it's in agents' (but not the customers' nor the organization's!) best interest to log calls in as "resolved" even though many may still be open. To blame agents for this fudging is unfair; the problem is in the setup, not the actual procedure.

Some centers (10.5%) have tried to improve upon the above approach by having agents ask the caller, "Has your issue been fully resolved?" at the end of each call before logging the result. While this does take the customer's perspective into account, the risk of agents "adjusting" the actual results still exists.

This is not to say that no centers are doing a decent job of measuring FCR for phone calls. Many use concise, focused surveys to gauge results — from the customer's perspective: 19.1% of respondents said their center uses a post-call live phone survey (conducted by an objective party; not the agent who handled the call) to ask callers if they feel that their issue was fully resolved; another 15.8% use an automated phone survey (which uses IVR technology to query callers). Less common (9.9%) for measuring FCR for phone calls are email-based surveys that are sent to callers soon after completing a call with an agent. Regular paper-based mail surveys (sent out to callers following an interaction) are also less common (9.9%) — a positive sign indicating that most contact centers recognize that the slow distribution and return of mail surveys (and the manual processing involved) hinders the value and timeliness of the feedback provided.

Other methods for measuring FCR for phone calls, as cited by respondents, include evaluating incident and/or call-transfer reports, having agents use manual "tick sheets," and internal analysis based on contact codes.

NOTE: Few would argue that there is one "best" measurement method for FCR. Truth is, most experts agree that a good FCR measurement process features a combination of several methods, with at least one of them being a customer-centric survey, preferably automated (IVR- or email-based), for ease in processing and analyzing results.

The most common intervals in which centers measure FCR for phone calls are monthly (51%) and daily (40.5%). Another one in four centers measure it weekly (24.8%), and 11.1% do so annually. A few other centers reported that they measure FCR quarterly.

While the most common approach among responding contact centers is to measure FCR for calls at the agent, team and center level (38.2%), many other centers (32.9%) reported measuring FCR for calls only at the center level. Another 15.1% said they measure FCR for calls at the agent and the center level, with the final 13.8% doing so at the team and center level.

The vast majority of respondents recognize the importance and impact of FCR for phone calls as a metric: 51.3% and 27.9% consider it "very important" or "critical/indispensable," respectively. Only 1.3% do not consider it important at all. *(See Figure 3.)*

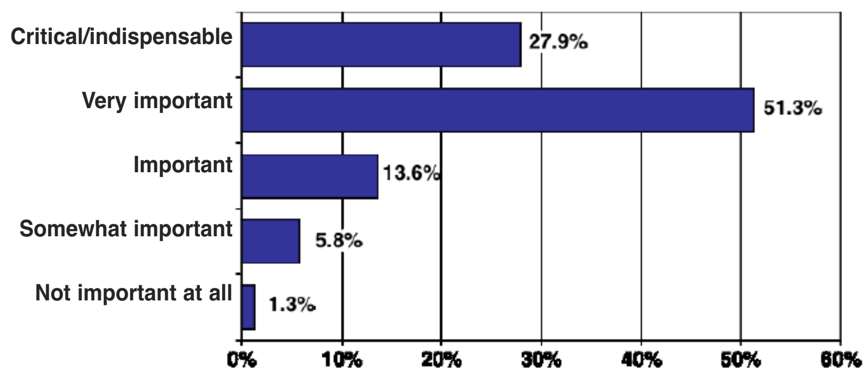
FCR for Email

Of the 77.3% of respondents whose centers handle customer email transactions, only about one in four (25.7%) measure FCR for those transactions. Granted, customers do not always expect agents to fully resolve their issue on the very first email exchange (since agents may need to ask several questions to gain clarity on the customer's issue — something that can be done much more easily on a phone call); however, by not even taking the time to measure FCR for email, contact centers have no way of knowing how many email contacts that weren't fully resolved on the first go-around could have been resolved if the agent had handled them differently. It's up to contact center management to keep an eye on any metric that could pinpoint room for improvement in agent training and coaching.

And while customers may not be as put off by multiple contacts via email as they are via phone, they still will become frustrated — and possibly defect to a competitor — if they feel the agent is not as competent and/or efficient as he or she could be.

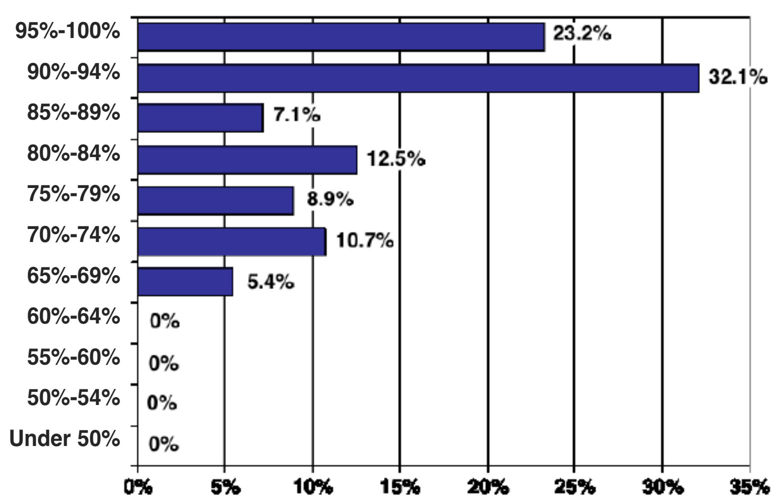
Regarding those centers that do measure FCR for email, we once again see very high FCR rates; a whopping 55.3% of respondents

Figure 3. Centers' Perceived Importance of FCR for Phone Calls



Note: Due to rounding, some percentage totals may not equal 100.0 percent.

Figure 4. FCR Rate for Email Contacts



Note: Due to rounding, some percentage totals may not equal 100.0 percent.

reported an email FCR rate of 90% or higher *(see Figure 4 on the previous page)*. While this may be, in part, due to less-than-accurate measurement methods, the high rates for email resolution should not come as too much of a surprise; after all, after reading a customer's email inquiry or issue, agents have more time (than they do on phone calls) to interpret the query and search for the best possible solution since email is not a real-time communication medium (i.e., many customers are fine with waiting up to 12-24 hours before receiving a response to an email inquiry).

The fact that the most common method for measuring FCR for email is via the use of automated email-based surveys (30.4%) is a positive sign that the few centers that are tracking this metric are doing so in an accurate and effective manner. Not only does this measurement method take the customer's perspective into account, email surveys are typically sent out immediately (or within just a few hours) following the customer transaction in question — when the details of the interaction are fresh in the mind of the responding customer. Further, automated email surveys use the very same channel via which the customer has chosen to contact the center, which tends to increase response rates (since email is likely these customers' preferred communication method). What's more, many automated email survey systems have powerful "alert" features that enable the contact center to quickly become aware of highly dissatisfied customers and take immediate and appropriate action before it's too late..

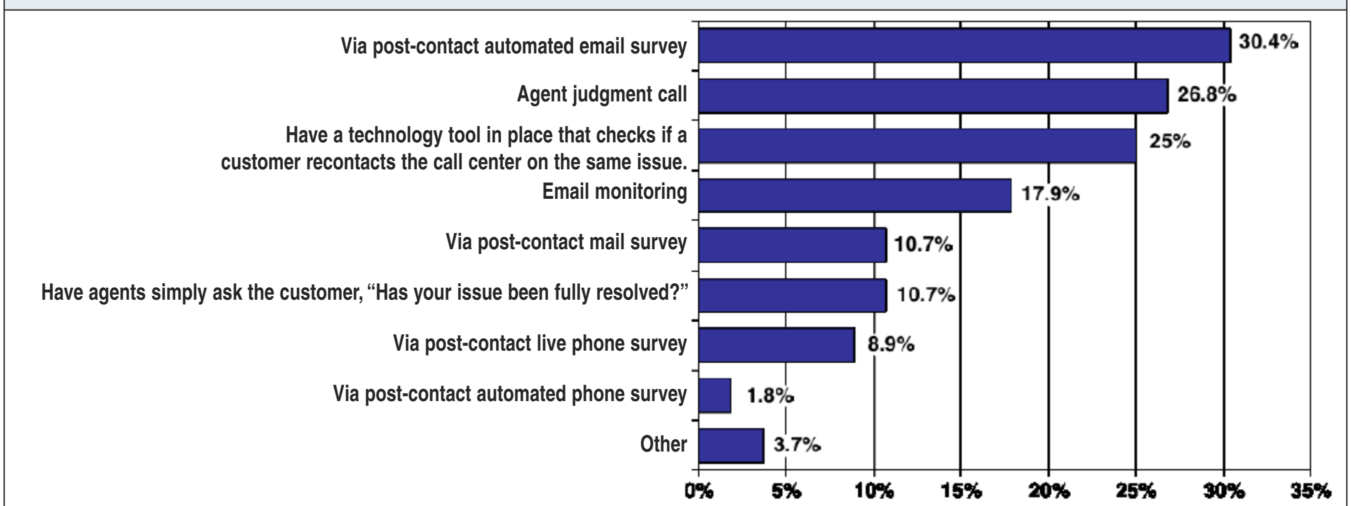
This is not to say that all centers that measure FCR for email contacts are doing so effectively. Close behind email surveying was agent judgment call (26.8%) — having agents themselves determine email resolution status. The problems with this method have already been expounded upon, as have the problems with the two other most common email FCR measurement methods: Using a technology tool that checks if a customer recontacts the center within a predetermined amount of time on the same issue (25%); and gauging email FCR via quality monitoring of email transactions (17.9%). *(See Figure 5.)*

A few other respondents indicated that their center measures FCR for email contacts by evaluating trouble tickets or "open-case" reports.

As with FCR for phone calls, the most common intervals in which centers measure FCR for email are monthly (57.9%) and daily (40.4%). Another one in three centers measure it weekly (33.3%), and 12.3% do so annually. A small handful of other respondents indicated that their center measures FCR for email on a quarterly basis.

Two in five centers surveyed

Figure 5. Methods for Measuring FCR for Email Contacts



(41.1%) measure FCR for email at the agent, team and center level; another (32.1%) do so at the center level only. The remaining centers measure FCR for email at the agent and center level (17.9%) or at the team and center level (8.9%).

Though not many (one in four) centers measure FCR for email contacts, those that do take this metric seriously: 51.8% consider it a "very important" metric, and 23.2% view it as "critical/indispensable" *(see Figure 6)*.

FCR for Chat

To date, few contact centers are chat-enabled (only 13.5% of respondents indicated that their center handled chat interactions); however, for those that are, measuring FCR should be a priority, which, according to our study, it is not: Fewer than one in four chat-enabled centers (23.8%) currently measure FCR for chat transactions. (Note: FCR for chat is defined as the percentage of customer issues that are fully resolved during the first full chat transaction, which may comprise numerous short back-and-forth messages between customer and agent on the issue at hand.)

Unlike email, chat is a real-time (or near real-time) communication medium, thus most customers who opt to contact a company via this channel are likely seeking to have their question or issue resolved quickly (as do customers who contact the company via phone). Therefore, the fact that so many chat-enabled centers fail to even track FCR for chat interactions is a concern, especially if those centers hope to expand chat and have customers embrace it as a viable contact channel.

The FCR rates reported by chat-enabled centers that do take the time to measure this key metric were a little more modest than the rates reported for the phone and email channels. The most common FCR rate reported was 85%-89%, with 40% of centers indicating that their center fell within this range for chat. And while another 20% stated that their center achieves a high FCR rate of 90%-94% for chat transactions, all the remaining respondents (40%) reported an FCR rate of under 80% — with 20% of these centers achieving an FCR rate of only 65%-69%. *(See Figure 7.)*

The lower FCR rates for chat might be attributed to the fact that chat is still a relatively new contact channel — one which centers are still struggling to manage appropriately, and which agents are struggling to handle effectively and efficiently. In addition, many chat-enabled centers have agents

Figure 6. Centers' Perceived Importance of FCR for Email Contacts

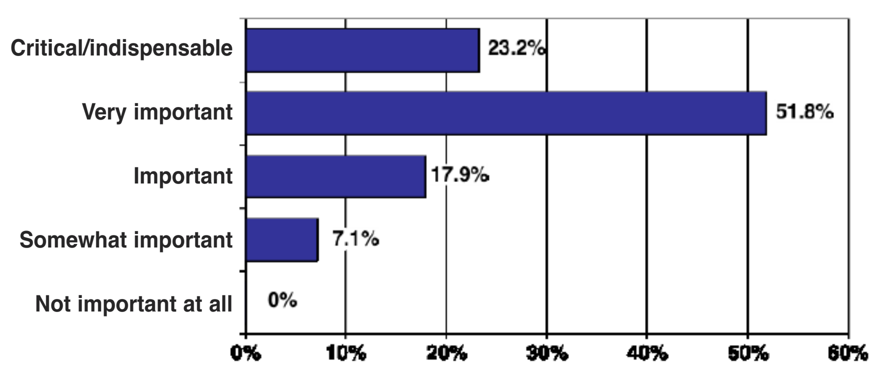


Figure 7. FCR Rate for Chat Contacts

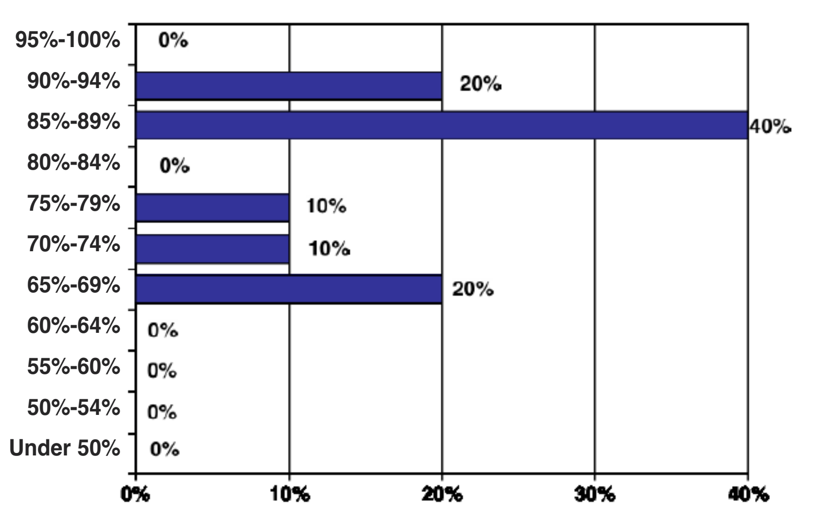


Figure 8. Methods for Measuring FCR for Chat Contacts

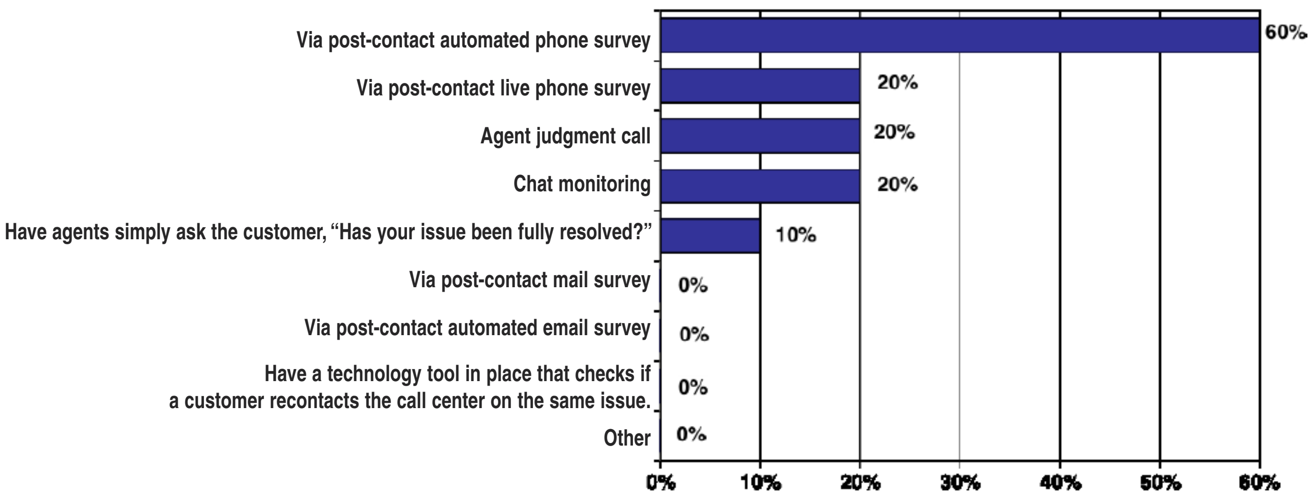
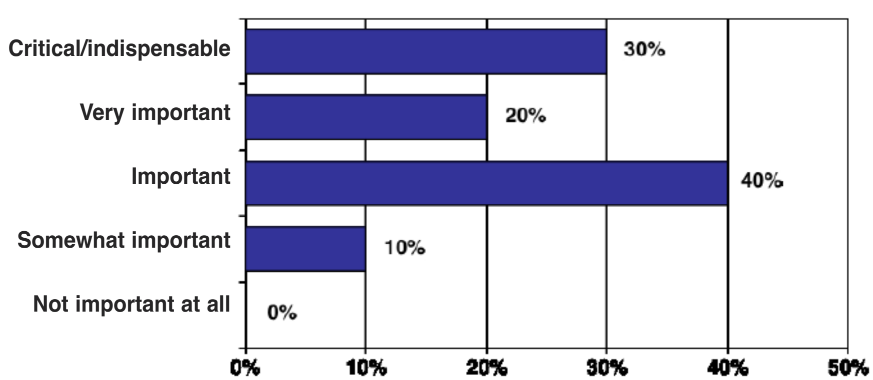


Figure 9. Centers' Perceived Importance of FCR for Chat Contacts



attempt to handle two, three and even four customers at once via chat, an approach that can place an undue burden on staff and negatively impact their ability to resolve all issues on first contact.

As with email contacts, the most common method of measuring FCR for chat — by far — is via automated, email-based customer surveys following the completion of a chat transaction (60%). As mentioned earlier, this is a viable FCR measurement method, and one that aligns well with the online nature of chat interactions. Other FCR measurement methods cited by respondents include: quality monitoring; using technology that checks if a customer re-contacts the center within a pre-determined amount of time on the same issue; post contact mail surveys; and agent judgment call. *(See Figure 8.)*

Contact centers most commonly measure FCR for chat on a weekly (50%) and monthly (50%) basis, though also often measure it daily (40%) and annually (30%), as well.

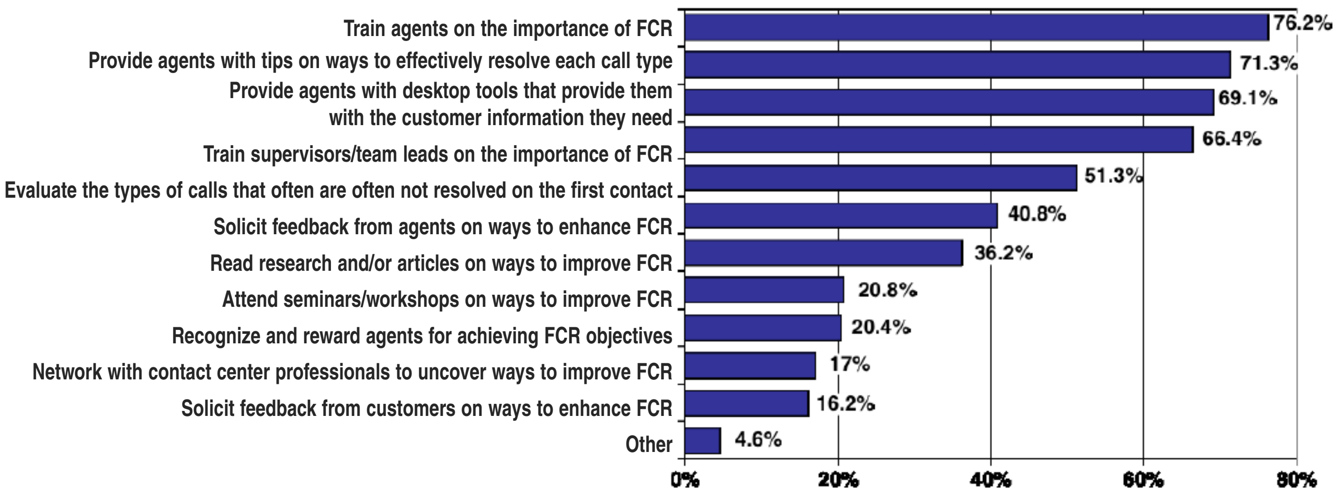
Most centers measure FCR for chat at the agent, team and center level (40%) or at the agent and center level (40%). The remaining 20% measure FCR for chat at the team and center level (8.9%). None of the respondents indicated measuring FCR at the center level only.

The handful of centers that take the time to measure FCR for chat consider this metric to be pretty pertinent: Half of chat-enable centers view FCR as either "critical/indispensable" (30%) or "very important" (20%). Most of the remaining centers consider FCR for chat to be an "important" metric. *(See Figure 9.)*

Methods for Ensuring High FCR Rates

While there are some questions regarding how accurately contact centers measure FCR (particularly for phone contacts), there is no question that most centers are doing all they can to enhance FCR and the customer experience for all channels. Respondents cited several effective tactics aimed at increasing FCR rates *(see Figure 10)*;

Figure 10. Methods for Enhancing FCR (for all channels)



here are the top five approaches:

1. Train agents on the importance of FCR and its impact on customer satisfaction (76.2%).
2. Provide agents with tips on how to quickly and effectively resolve each contact type (71.3%).
3. Provide agents with desktop tools that provide them with the information they need to resolve calls on first contact (69.1%).
4. Train supervisors/team leads on the importance of FCR and its impact on customer satisfaction (66.4%).
5. Evaluate the types of contacts that often are not resolved on the first contact to determine common causes (51.3%).

When asked which single method for improving FCR has had the most positive impact in their center, the most common response was "training agents on the importance of FCR and its impact on customer satisfaction" (33.5%); not too far behind was providing agents with desktop tools that provide them with the information they need to resolve calls on first contact (25.8%).

Somewhat surprisingly, only one in five centers surveyed (20.4%) reward and recognize agents for achieving predetermined FCR objectives. More centers would be wise to create incentives that drive agents to improve this critical performance metric. Such incentives needn't break the bank; many top centers provide positive reinforcement of solid FCR results in the form of public praise and recognition.

Another concern is that only two in five centers (40.8%) actively solicit feedback from agents on ways to enhance FCR. What better resource do contact centers have for improving FCR than gathering input and suggestions from the people handling each customer contact day in and day out? The best centers do just that on a regular basis via employee surveys and discussions during weekly meetings. Some centers even empower experienced agents to head up an FCR task force that meets every couple of weeks.

(See Appendix A for other methods respondents cited for improving FCR.)

Impact of FCR on other Key Metrics

It appears that the many methods centers are using to ensure high FCR are starting to pay off: 44.3% of respondents indicated that overall FCR has increased in their center over the past 12 months, while only 3.5% said that FCR has decreased during that period. In the remaining 52.2% of centers surveyed, FCR has stayed about the same.

Centers experiencing an increase in FCR have also seen an increase in customer satisfaction — thus supporting the FCR/satisfaction link that other studies have uncovered. Three in four respondents (75%) who reported an increase in FCR over the last 12 months indicated that customer satisfaction has improved. This direct correlation only stands to reason — the fewer callbacks or transfers a customer must endure before having his or her issue resolved, the more satisfied he or she is likely to be.

Among the remaining respondents who reported an FCR increase, most said that customer satisfaction has stayed the same, with several others indicating that they don't know what the impact on customer satisfaction has been.

Increased FCR has also had a notably positive impact on center's operational costs (fewer callbacks and shorter calls means lower toll-free charges), as well as on agent satisfaction (better-equipped agents make for happier customers and lower levels of agent burnout). See Figures 11 and 12 on the next page for more details on the impact that increased and decreased FCR has had on other key performance metrics in respondents' contact centers.

FIRST-CALL RESOLUTION: WHY HIGHER IS NOT ALWAYS BETTER

By Brad Cleveland

Many call center managers inherently assume that a declining first-call resolution rate signifies a drop in service quality. Actually, it can be a tangible sign that your efforts to make fundamental improvements in your call center are working. How so?

In too many cases, organizations with high first-call resolution rates (e.g., in the mid- to upper-90 percent range) are resolving calls they shouldn't be handling in the first place. Here are some common scenarios that drive FCR up:

• The center is handling calls that could be automated. Handling many calls that could be serviced by IVR or Web-based services suggests that the systems don't exist, are difficult to use or don't work as well as they could — or that callers are unaware of or unwilling to use them.

• Callers opt out of self-service systems and into agent queues. Perhaps system menus are unclear, information in the system is incomplete, or callers simply aren't confident that the order or inquiry was handled accurately. The result — agents spend their time handling easy calls, which could be prevented with system and process improvements.

• Communication with customers is unclear. When statements, promotional pieces and other types of customer communication are unclear or incomplete, the call center tends to get more calls. These types of calls are generally easy to resolve, and will drive first-call resolution rates up — but they also drive workload and costs up.

• There is insufficient followup with customers. These calls are usually straightforward — "Yes, I see that the order was shipped yesterday; we apologize for the delay…" — but they drive up costs and workload, even as they boost first-call resolution.

When you are successful in driving these easy-to-handle calls out of the workload, you are left with those that are more demanding — those that really do merit agent involvement. The contacts coming into the center become more challenging, and justifiably so.

Of course, a "low" FCR rate isn't a "good" thing. What you need to know is, what changes are taking place in your environment and how are they impacting these measures?

The main message, of course, is to not interpret any indicator in a vacuum. But a secondary and equally important message is to ensure that your colleagues and other executives aren't, either. Imagine the look on their faces when you walk into a boardroom all smiles because FCR is going down. This one takes some explaining!

It's essential to keep your eyes on the prize — what you're trying to accomplish as an organization (e.g., customer loyalty, profitability, market share), and how the call center is supporting those objectives. Supporting indicators, such as FCR, must be interpreted with these larger objectives in mind.

Figure 11. Impact of Increased FCR on other Key Metrics

	Improved	Stayed the same	Gotten worse	Don't know	N/A
Operational costs	56%	28.4%	.9%	12.9%	1.7%
Customer satisfaction	75%	12.9%	.9%	10.3%	.9%
Employee satisfaction	56.5%	31.3%	0	10.4%	1.7%
Upselling/cross-selling effectiveness	21.7%	18.3%	.9%	13.9%	45.2%

Note: Due to rounding, some percentage totals may not equal 100.0 percent.

Figure 12. Impact of Decreased FCR on other Key Metrics

	Improved	Stayed the same	Gotten worse	Don't know	N/A
Operational costs	12.5%	25%	50%	12.5%	0
Customer satisfaction	12.5%	62.5%	12.5%	12.5%	0
Employee satisfaction	12.5%	50%	25%	12.5%	0
Upselling/cross-selling effectiveness	0	50%	12.5%	25%	12.5%

Conclusion

All is not well in the land of first-contact resolution. Too many centers are either poorly measuring this critical and influential metric, or, worse, ignoring it entirely. In either case, these centers are placing customer satisfaction, revenue and agent retention (and mental health!) at risk.

In these centers' defense, FCR is a relatively new metric whose potential power to drive centerwide success is just now starting to be fully understood. But now that the power of FCR is known, managers must make it a priority — striving to adopt effective and accurate FCR measurement tactics as well as implementing a variety of methods to continually enhance FCR and the other key metrics that are linked to it.

The good news is that many centers are exploring ways to raise their FCR rate — via agent and supervisor training; providing staff with potent desktop tools; and analyzing contacts that aren't resolved efficiently to pinpoint the reasons why. However, more centers need to provide compelling FCR-based incentives for agents — as well as regularly solicit direct agent feedback — to help drive notable FCR success and improvement.

Centers need to do more than merely recognize the value of FCR; they must adopt a focused, customer-centric approach to measuring and improving it — this is the only way to ensure that the center doesn't find itself toasting and celebrating its FCR "success" while its frustrated customers are looking into where to take their business in the future.

Appendix A: Other Methods for Improving FCR

Here is a list of the other ways that centers aim to improve FCR, as cited by respondents:

1. Mystery shop for FCR (monthly/annually).
2. Increase agents' ability to reduce transfers.
3. Knowledge database with 4,000 items.
4. Process improvement.
5. Provide online chat support for frontline reps to get help when needed.
6. Strive for long-term employees to increase experience level.
7. Test on knowledge of FAQ responses.
8. Dynamically adjust training and knowledge base for drivers of repeat calls.
9. This is a new metric for us — we're still setting procedures and enhancement techniques.
10. Team meetings for continuous improvement.
11. Call monitoring.
12. Review companywide initiatives that may have an impact on FCR and make sure it is addressed in plans.

About International Customer Management Institute (ICMI)

The International Customer Management Institute (ICMI) is one of the call center industry's most established and respected organizations. Founded in 1985, ICMI delivered the industry's first management-level conferences, educational programs and publications.

While ICMI's path-breaking work continues, the mission remains much the same: to provide resources and expertise that help individuals and organizations improve operational performance, attain superior business results and increase the strategic value of their customer contact services. Today's ICMI melds the traditional focus on consulting, training, and high-level engagement with United Business Media's strength in media and events to create a powerful one-stop-shop resource. Through the dedication and experience of its team, uncompromised objectivity and results-oriented vision, ICMI has earned a reputation as the industry's most trusted source for:

- Consulting
- Training
- Publications
- Events
- Professional Membership

Through constant innovation and research, ICMI's consulting and training services have become the industry's gold standard. ICMI publications, such as *Customer Management Insight*, *Call Center Magazine* and *Call Center Management Review*, and events, including the Annual Call Center Exhibition (ACCE) and Call Center Demo and Exhibition conferences, continue to lead the industry. And ICMI's growing membership community now includes professionals representing organizations in over 50 countries.

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