



First Call Resolution—It’s Impact and Measurement

By Dr. Jodie Monger – President, Customer Relationship Metrics

Customers will never abandon the phone to do business. All of the self-service technologies and options in the world are not going to remove the need for your contact center. Good CSRs should feel comfort with the security of their role in their company’s relationship management strategy. Job security is a wonderful thing, however security is affected by the cost to operate telephonic customer service delivery vehicles. Of course, we feel this pressure and constantly review cost saving ideas.

First Call Resolution should be a concept that you already know about, but you probably do not suspect the extreme impact directly on your budget and indirectly on the ROI of your center via caller satisfaction and ultimately company loyalty. CSRs are the interface to handle customer issues and if you do not properly train, empower and equip them to handle customer issues and be a listening post when back-office processes and procedures fail, the impact can be tremendous.

For example, if your CSRs handled 200,000 problem or issue calls in a quarter, and due to breakdowns and various root causes they had to answer 338,000 calls to fix those 200,000 problems. Beyond the original calls, they had to handle an additional 138,000 calls at \$5.00 cost per call. The direct impact cost your company is an additional \$690,000 or \$2.76 million per year.

The Direct Impact of Repeat Calls <i>Based on 200,000 calls to resolve a problem in a quarter</i>		
# of Calls by Customer	% total Problem Calls	# of Additional Calls
2 Calls	14%	28,000 x 1 = 28,000
3 Calls	11%	22,000 x 2 = 44,000
4 or More Calls	8%	22,000 x 3 = 66,000
138,000 x \$5 (cost per call) = \$690,000 or \$2.76M annually		
<i>The decrease in customer satisfaction can impact revenue 5-10 times this number</i>		

Regarding the indirect - yet still quantifiable - cost for repeat calls, caller satisfaction ratings for the company in general and for the CSR will be 5-10% lower when a second call is made for the same issue. With a Customer Lifetime Value of \$1,000, each, the 200,000 calls represent a \$200 Million asset to the company. The callers that you delight and therefore protect FOR your company and FROM your competitors is 50% or \$100 Million per quarter. The necessity for repeat calls drops your Delighted group from 50% to 40% and now you protected only \$80 million (a potential net loss of \$20 million per quarter). Don't tell your CFO or your shareholders.

In this example, repeat calls directly cost you \$2.4 million per year and indirectly \$20 million per year in lost customers if you conservatively lose one in four customers you fail to delight through poor First Call Resolution.

The financial calculations behind the First Call Resolution issue are simple to calculate if you have the proper variables. To provide a valid response to the cost of repeat calls, a real-time customer feedback program is needed. Contact centers must measure the effectiveness of the service delivery and the customers' perception of call resolution immediately after the service interaction. The cost assessment will not be accurate without the voice of the customer. Customers should evaluate the service received on a call that includes, among other things, overall company, call and CSR satisfaction, whether the call is about a problem, first call about the problem and was the problem resolved on that particular call.

Research indicates that a gap exists that is even greater than the example above. While 67% of the callers believe that the problem was resolved as measured by the real-time call surveys, an average of 20% of those callers (26,800 in the example above) do not have the problem resolved because the back-office process fails. The \$2.4 million of direct cost is actually higher and the effect on customer satisfaction even greater when you consider the impact of a customer believing the problem has been resolved only to discover that it had not.

Real-time surveys can effectively capture the information you need to combat the cause of the repeat calls. For those who had a problem that was not resolved on the call, the survey has to branch to an open-ended question to capture the customer's description of the problem. This qualitative information adds the explanation to the dramatic quantitative information you now have available. The cause of the unresolved calls is invaluable to correcting process issues.

Many contact centers have employed technology and manual solutions to help them answer their First Call Resolution rate question. Some of these solutions cost thousands of dollars to implement. But not one of them can answer the question better than the customer. Reviewing phone records and running a software application is the ultimate beating around the bush in this case. Stop trying to get to your First Call Resolution rate via the back door. The customer is the one experiencing the pain, so go to the source.

Do not make the mistake of underestimating the effect of repeat calls on your contact center and your company. Customers are willing to accept and forgive the occurrence of a problem and increase their level of loyalty with a successful resolution but they will not tolerate repeat calls to resolve the same issue. Don't believe me...ask them.

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