



2007

Call Center First Call Resolution Guide

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ENKATA

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Executive Summary

First call resolution (FCR) is a unique key performance indicator (KPI) that measures the effectiveness, efficiency and customer satisfaction level of a call center. It is the ONLY single metric that provides a balanced view of the call center's overall operating performance.

The challenge in using FCR as a KPI is that it is difficult to capture the right data to accurately calculate this metric. It is also hard to get buy-in from all call center constituencies on the validity of your methodology. Call centers around the world are struggling to come up with a consistent process to measure this essential key performance indicator. This white paper is a guide for building an actionable FCR program for your call center. This document will:

- Explore the strategic role of contact center performance management
- Provide the definition and calculation formula for first call resolution
- Discuss how a FCR program benefits customers, agents and the call center
- Present a framework and tactical steps for implementing a successful FCR program
- Review a case study of a successful FCR program

Strategic Role of Contact Center Performance Management

Contact center performance management (CCPM) is an analytical approach to managing and improving the effectiveness, quality and overall experience provided by the contact center. CCPM is a process that uses goals, KPIs and metrics to measure the performance of the contact center, and its managers, supervisors and agents and their effectiveness in delivering to enterprise goals. This quantitative management approach removes imprecision and subjectivity from rating how well a contact center or individual is executing. A well-defined CCPM program provides targeted and actionable recommendations that can be applied on a timely basis to improve the center's performance.

CCPM Defined

At a strategic level, contact center performance management provides a framework for aligning the goals of the contact center with those of the corporation. At a tactical level, the performance management process uses goals, KPIs, metrics, data sources and balanced scorecards to capture and report how well the contact center delivers to its objectives, in order to identify the actions necessary to address areas of weakness or strength. At a practical level, it provides

action-oriented output that can be used to streamline and simplify contact center reporting, enabling managers to use a carefully selected set of KPIs, metrics and reports to manage their operation. See Figure 1.

Figure 1: Contact Center Performance Management Defined



Source: DMG Consulting LLC, June 2007

Defining and Calculating First Call Resolution

Call center managers have many productivity, quality and customer satisfaction metrics available to evaluate their performance. The challenge is to select a limited set of KPIs that provide insight and are actionable. While the call center industry continues to debate the best approach to calculate first call resolution, managers around the world agree that this KPI is one of the most effective tools for improving performance.

Call center managers have discussed the concept of “one and done” for decades, as it has always been a priority to resolve/answer an inquiry during the first contact. Customers in all industries – financial services, insurance, telecom, retail, energy, travel and hospitality – have

clearly expressed the importance of having their issues resolved completely the first time they call. Additionally, on the business side, resolving an inquiry during the first contact avoids the expense of follow-up calls, which range in cost from \$2.50 to over \$20.00, depending upon the time and resources required to handle the interaction. Lastly, when an inquiry is resolved to the customer's satisfaction during the first interaction, the enterprise "earns" the right to build and extend the relationship, something that is rarely possible when a customer issue remains outstanding for too long.

First call resolution, which measures the percent of calls resolved during the first contact, is a useful management tool for evaluating the overall effectiveness of a call center. It addresses productivity, efficiency, quality and customer satisfaction. The calculation for FCR is:

$$\text{FCR} = \text{Total number of calls resolved during first contact} \div \text{total number of first calls.}$$

FCR concentrates on the first interaction and does not address how well a call center resolves follow-up interactions. Therefore, to make sure that all calls receive the highest quality of service, it is also important to measure the overall "call resolution rate" (CRR) to gain insight into agent performance for all interactions, regardless of whether they are first time callers or follow-ups. The calculation for CRR is:

$$\text{CRR} = \text{Total number of calls resolved} \div \text{total number of calls.}$$

This metric is slightly easier to calculate as it addresses all completed interactions, not just those resolved in the first contact. So, while your organization will still need to determine if each call was resolved, they do not need to know if it was resolved during the first contact. (Note: FCR can also be used to measure emails and chat sessions.)

Using CRR in conjunction with FCR forces the organization to address 100% of calls, not just first calls. The remaining challenge is to determine accurately which calls are fully resolved.

When is a Call Resolved?

The most difficult aspect of calculating FCR and CRR is determining when an issue in a call (or email and chat session) is fully resolved. Managers have debated this issue for as long as there have been call centers. Figure 2 displays a number of methods for calculating call completion.

Figure 2: Analysis of Call Completion Identification Methodologies

Method for Identifying Completed Calls	Pros	Cons
Automated check of servicing/customer relationship management (CRM) application to determine if the customer has called back within a pre-determined amount of time	Fully automated and does not require live resources. Quantitative approach that is not dependent on subjective opinion; a person either did or did not call back within a particular time frame.	Works only if all calls are logged into the servicing application. Methodology is simplistic, only measuring call-backs, not resolution status.
After-call wrap-up/agent self-scoring	Done on a timely basis. Agent can specify if the call is for follow-up or a new issue. Takes call reason into consideration.	Totally subjective and based on self-rating by agents. Accuracy and completeness of wrap-up is at agent's discretion.
Quality management process	Standardized process and guidelines. Evaluated by independent group of quality assurance (QA) specialists. QA specialist can check the servicing system to determine if a call is for a new or existing issue.	Subjective and dependent upon opinion of QA specialists. Can be very expensive to do QA on a large volume of calls.
Post-call survey	Input comes directly from customer.	Must be done on a timely basis. Difficult to reach customers. Survey response rates are low and results may not be statistically valid. Customer may not separate one issue from another.

Source: DMG Consulting LLC, June 2007

Optimal Approach for Calculating Call Completion Rate

The best technique for identifying call completion would be a combination of two of the methods described in Figure 2. Automation would be used to evaluate whether or not an inquiry was resolved. However, instead of just checking to see if there was a follow-up call, regardless of topic, as is done today, an FCR module would analyze the agent's activities within the servicing application to determine if all necessary steps to resolve the inquiry were taken. This method eliminates dependence upon the agent to properly summarize his/her activities in a servicing application or to use wrap-up to designate the resolution status. This approach, which is relatively new, will become a best practice in call centers for identifying resolved inquiries, as it is automated, objective, accurate and eliminates the 1-3 seconds agents must dedicate to wrapping up each call.

Framework for Building a Successful First Call Resolution Program

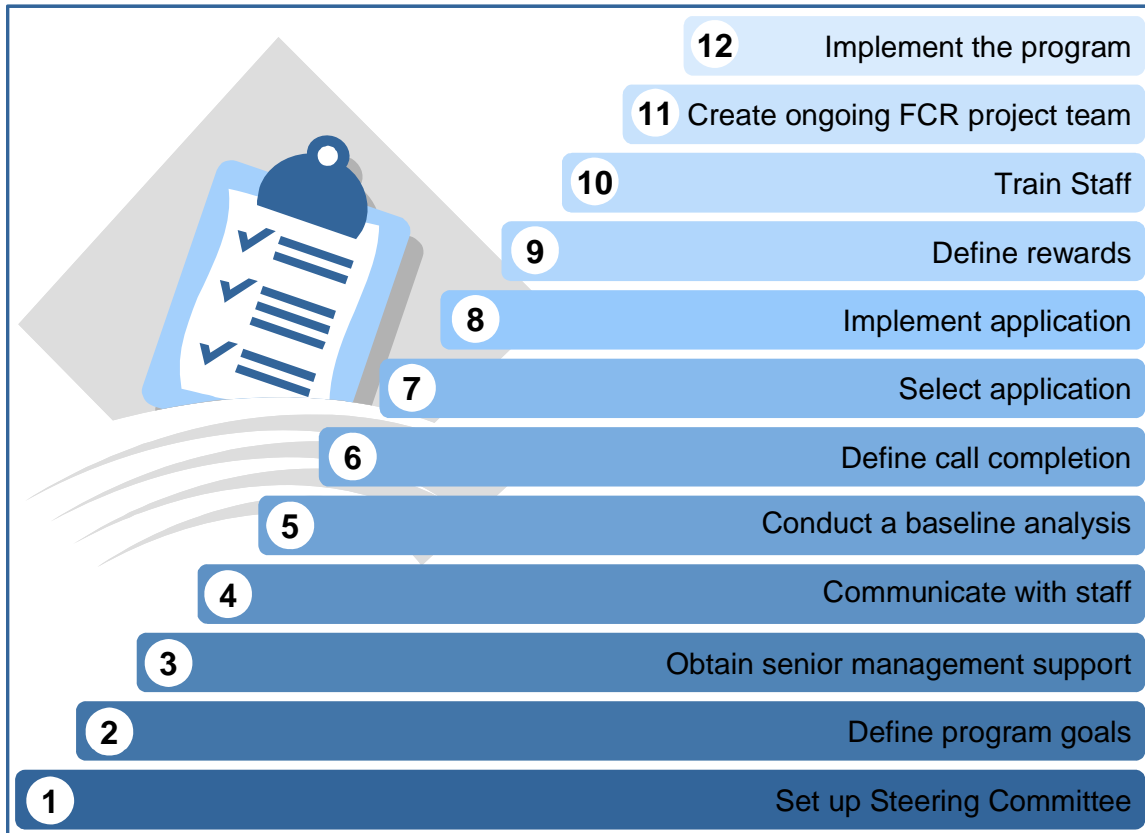
The key to successfully implementing an FCR program is to get buy-in from the staff – agents, supervisors, managers, trainers and quality assurance specialists – and to use the output to identify and reward outstanding performers. In mature call centers, agents have repeatedly been asked to participate in improvement programs, most of which were intended to increase productivity (reduce average handle time), often at the expense of quality and without tangible rewards. FCR is different because it provides a balanced view by encouraging changes in internal processes along with modifications in agent behavior. FCR and CRR are useful KPIs by themselves, but when rolled out as part of a performance management program, they yield both internal and external benefits. Use the steps below as a guide for setting up a first call resolution program.

1. *Set up steering committee:* Set up an FCR steering committee with influential staff members from all call center constituencies, agents, supervisors, managers, trainers and QA specialists. If there are external departments, such as operating areas, sales or marketing, where FCR will have a major impact, invite them to participate, as well. Be sure to include staff members who are leaders and can positively influence other team members.
2. *Define program goals:* Have the steering committee define program goals and desired outcomes. For example, an FCR improvement rate should be specified by call center site or call type. The committee should specify the areas where applying FCR can improve performance and customer and agent satisfaction. Short-term (1 to 6 months), intermediate-term (7 to 18 months) and long-term (18 months and longer) goals should be established. (It is important for staff to realize that this program will be ongoing and is not intended to be a temporary "quick fix.")
3. *Obtain senior management support:* A successful FCR program will require changes throughout the enterprise, as in many cases, current procedures and policies prevent agents from resolving inquiries during the first contact. It's essential to obtain the support of all senior managers who may be impacted by the program. It's also important to get colleagues throughout the enterprise to come on board this initiative.
4. *Communicate with staff:* Once the steering committee builds consensus and defines program goals, inform all staff about the new program. The purpose is to build department-wide support and alleviate any concerns. To achieve this goal, it is essential to communicate with the staff on an ongoing basis.

5. *Conduct a baseline analysis:* Conduct a baseline analysis of current performance, using manual calculations, before implementing the FCR program. It is critical to be able to measure the success of the initiative and to identify and reward outstanding performance.
6. *Define call completion:* Work as a team to come up with a standard approach for measuring call completion for FCR and CRR. Be sure to test these definitions to make sure that they yield the desired results.
7. *Select application:* Select an application to facilitate the FCR initiative. Define functional and technical requirements for all constituencies inside and outside the call center. Use these to drive the selection process.
8. *Implement application:* Work with IT and all relevant groups to implement the FCR application.
9. *Define rewards:* Have the steering committee define a new reward system that incorporates the new FCR goals. FCR should also be incorporated within the quality assurance program and annual/semi-annual reviews.
10. *Train staff:* Train all staff members so that they understand their individual, team and departmental goals.
11. *Create ongoing FCR project team:* Create an ongoing FCR project team with constituents from the call center and all impacted operating areas. This team is responsible for applying the results of the FCR program. This includes identifying all required changes to procedures, systems, policies, training programs, QA programs and operating areas, and ensuring that they are made on a timely basis.
12. *Implement the program:* Roll out the program in phases. Start with a pilot team. Then, make necessary adjustments based on the results of the pilot. Once the pilot is successful, introduce the program to different teams throughout the enterprise.

An FCR program can be implemented without an application, but automation is necessary to institutionalize it, ensure consistent use throughout your enterprise and realize the greatest benefits.

Figure 3: Guidelines for Building an FCR Program



Source: DMG Consulting LLC, June 2007

Benefits of First Call Resolution

A successful FCR program can deliver quantifiable benefits that extend far beyond the boundaries of the call center. To have maximum impact, the FCR program must have staff buy-in and use CRR to eliminate the potential for “agent gaming” (to beat the FCR metric). The benefits of FCR fall into many categories and cross functional lines. For agents, FCR provides a fair and objective approach to measure performance; this improves agent retention and reduces training costs. For managers and supervisors, FCR reduces the volume of complaint calls they have to handle, freeing them to spend more time assisting agents. It also gives them the information required to identify and fix broken processes inside and outside the call center. For the call center overall, FCR reduces operating expenses by reducing the volume of unnecessary and often angry callers. This improves the customer experience and market perception and increases customer loyalty.

The benefits of FCR that extend beyond the call center are as substantial as those within the service organization. For sales and marketing organizations, FCR increases revenue and up-sell/cross-sell opportunities. It also enhances the brand, improves customer retention and creates a growing base of highly satisfied and loyal customers who are more likely to recommend the company. When supported by the other operating areas, FCR programs rapidly identify ineffective and negative policies and procedures that impede the organization's ability to provide an outstanding customer experience.

For the enterprise in general, FCR has a quantifiable impact on the bottom line by reducing operating expenses, increasing revenue and reducing customer attrition. It also gives the organization a strategic differentiator, which is essential in a business environment where many customers believe that most products and services are commodities. Lastly, FCR delivers many benefits directly to customers. It identifies and eliminates frustrating roadblocks that prevent customers from resolving inquiries on a timely basis. This improves their perception of the company and brand. It also makes customers more receptive to new opportunities that will extend their relationship and creates strong customer advocates. See the Appendix for a detailed list of enterprise-wide benefits from FCR programs.

How Leading Call Centers Use First Call Resolution to Improve the Customer Experience

Call centers of all sizes – small, mid-size and large – throughout North America are working to use FCR to improve their cost performance as well as their customers' satisfaction. The first major challenge is to identify data sources and to accurately calculate FCR. The second is to get buy-in from the staff and the third is to make the output actionable so that it can be applied on a timely basis. The benefits and payback are significant and rapid for companies that successfully implement an FCR program, as illustrated by this case study.

Case Study: Leading Credit Card Services Company

Opportunity: A leading credit card services company has over 100 million card members and receives more than 200 million calls annually, of which 80 million are handled by their 4,000 advisors who address sales and service. The company wanted to enhance its strategic service edge by reducing the volume of repeat calls in order to increase customer satisfaction.

Like most financial services organization, this company had been addressing the FCR challenge for years. While they had made progress, they believed they could dramatically improve the FCR rate if they had a better understanding of call and transfer reasons down to the agent level.

Solution: The company invested in two contact center performance management modules. The first was a “call tagging” application to automate the call reason identification process; and the second was a module to measure FCR at all levels within their call centers. They chose to add these two applications to existing systems to minimize the impact of the implementation on their staff and IT group and to speed up the benefits.

Benefits: The credit card services company realized significant “hard” quantifiable and “soft” qualitative benefits from their FCR enhancement program, which took less than 19 weeks to implement. Among its many benefits, the program:

1. Increased FCR by 10% to 15%. Decreases in volume of repeat calls and transfers yielded savings of \$8 million in 12 months. Call volume and average handle time were reduced by identifying and modifying policies that forced agents to transfer calls and by identifying and re-training agents who had low FCR rates.
2. Saved two seconds per call by automating the call wrap-up/tagging process, representing an annual savings of \$2.5 million.
3. Improved agent and supervisor satisfaction, resulting from reduced volume of complaining and angry callers.

The company is still in the early phases of its implementation and continues to realize new benefits, including a steady increase in customer satisfaction.

Avoiding Agent Gaming

First call resolution concentrates on measuring the way agents handle first calls; its weakness is that it ignores all follow-up activities. Agents are trained and often highly motivated to deliver to departmental goals, including FCR. They are rewarded and recognized for exceeding these goals, which can drive them to look for loopholes to help them beat the system. Because FCR concentrates on first calls only – which are the vast majority of calls in most call centers –agents who are too driven to exceed goals may choose to focus their energy on first calls at the expense of follow-up inquiries, where they are not going to get “graded.” This practice, called “agent gaming,” can be easily avoided by measuring both FCR and CRR, as the latter KPI evaluates agent performance on all calls, not just the initial ones.

Is a First Call Resolution Program Right for Your Call Center?

Customers want and expect their inquiries to be resolved during the first contact. When this does not happen, the customer is disappointed, regardless of the reason. Customers do not care about an enterprise's policies and systems issues and surely do not want to hear excuses from agents. FCR is a highly useful mechanism for evaluating call center performance because it measures a criterion that is essential to customers at the same time as it assesses the performance and effectiveness of the call center down to the agent level.

If you answer yes to seven or more of the questions listed below, it's time to implement an FCR program. And, if you have more than 75 agents, consider using automation to facilitate your initiative.

Yes No

1. Do you want service to be a strategic differentiator for your enterprise?
2. Do you want to increase the number of customers who actively recommend your company?
3. Do you want to strengthen the power of your brand and market perception of your company?
4. Do you want to improve the customer experience and increase your customer satisfaction ratings?
5. Do you want an objective, wide-ranging, but simple measure for evaluating the effectiveness of your call center?
6. Do you want to increase the percentage of calls that are resolved during the first contact?
7. Do you want to reduce the number of calls that are transferred?
8. Do you want a process to rapidly identify agents who require training to improve their performance?
9. Do you want to reduce servicing costs?
10. Do you want to reduce the volume of frustrated, unhappy or angry callers?
11. Do you want to improve agent and supervisor job satisfaction?

To realize these benefits and more, enterprises need an accurate way to identify and track resolved calls.

Final Thoughts

Call centers have hundreds of KPIs and dozens of reports, but a surprisingly small amount of actionable performance data that can be applied on a timely basis. FCR, in conjunction with CRR, gives managers an objective and straightforward tool to identify and resolve performance issues at all levels within call centers. Call centers of all sizes, in all industries, can realize significant internal and external benefits from an FCR program.

Appendix: Enterprise-Wide Benefits of FCR Programs

Constituency	Benefits
Enterprise	<ul style="list-style-type: none"> • Increases revenue and profitability • Creates a strategic differentiator • Reduces operating expenses • Increases consumer confidence in the brand • Increases customer loyalty
Contact Center	<ul style="list-style-type: none"> • Enhances customer experience • Improves customer satisfaction • Reduces cost • Reduces total call volume • Reduces number of repeat calls • Reduces complaint calls • Identifies opportunities to improve policies and procedures • Improves agent morale • Increases agent retention • Reduces agent staffing and training costs • Reduces need for call wrap-up (if automated call reasoning is used)
Sales/Marketing	<ul style="list-style-type: none"> • Increases revenue • Increases ability to cross-sell/up-sell • Enhances relationships with customers • Improves perception of the brand • Increases customer loyalty • Reduces customer attrition
Operating Areas	<ul style="list-style-type: none"> • Identifies areas of operational weakness • Reduces volume of follow-up and/or repeat requests • Identifies training opportunities • Identifies opportunities to improve procedures • Reduces costs
Supervisor/Manager	<ul style="list-style-type: none"> • Reduces volume of escalated and angry calls • Rapidly identifies operational issues • Objectively measures departmental performance • Allows management to recognize outstanding performers • Enables supervisory staff to focus training and coaching efforts on problem areas • Provides standard and objective measure for evaluating agent performance
Agent	<ul style="list-style-type: none"> • Provides standard and objective measure for evaluating agent performance • Reduces volume of angry callers • Increases agent satisfaction and morale • Reduces agent attrition • Empowers agents to take ownership of customer issues • Increases agent effectiveness • Improves agent quality scores
Customer	<ul style="list-style-type: none"> • Speeds up resolution of inquiries • Reduces need for call-backs to resolve an inquiry • Provides better service • Improves quality of the interaction • Improves the customer experience • Reduces the number of annoying procedures • Increases customer satisfaction • Inspires consumer confidence and loyalty • Increases likelihood to recommend

Source: DMG Consulting LLC, June 2007

About the Author

Donna Fluss is the founder and President of DMG Consulting LLC, a firm specializing in contact centers and real-time analytics. Ms. Fluss is a recognized thought leader and innovator in CRM, contact center and real-time analytics. For over 23 years, she has helped end users build world-class differentiated contact centers and vendors develop high-value solutions for the market. She is the author of the recently published book, *The Real-Time Contact Center*, and many leading industry reports, including the *2007 Contact Center Performance Management Report*, the *2007 Speech Analytics Market Report*, the *2007 Contact Center Surveying and Analytics Report*, and the annual *Quality Management/Liability Recording Product and Market Report*. Donna's articles and columns are carried by publications around the world. More information is available at www.dmgconsult.com.

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