



WHITE PAPER

Mastering First Contact Resolution with Analytics



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FCR – The Biggest Opportunity for Contact Centers Today

One of the best things you can do for your customers and for your company when providing customer support is to answer their questions and fix their problems the first time they call in. Indeed, for many industries, First Contact Resolution is now becoming a primary measure of contact center effectiveness and an excellent predictor of customer satisfaction and loyalty. Your First Contact Resolution (FCR) rate is the home run of contact center statistics. It is the single key performance indicator (KPI) that impacts almost every other meaningful statistic and measurement in the contact center.

In the long run, increased FCR will almost always reduce contact volume and operating costs, and increase customer satisfaction. It is worthwhile to spend a bit more time on the phone or work a little bit harder on an issue to get a customer's issue resolved the first time around. Customers will appreciate the extra effort and the balance sheet will reflect it as revenue generated from streamlined contact center operations.

Granted, not every interaction can be handled on first contact. There will always be problems that require further research, work or help. However, advances in technology, improved employee coaching and empowerment, and a carefully scrutinized evaluation process will increase the number of customer contacts that can be resolved on the first attempt. With a higher FCR rate, your employees will have more time to deal with bigger problems appropriately and the promptly satisfied customers who will be even more loyal than the customer who never had a problem in the first place.

According to experts:

- 66% of contact center costs today are due to callbacks.¹
- Customer satisfaction is 35% lower when a second call is made.²
- If a customer's inquiry or problem is resolved in the first contact, only three percent of those customers are at risk of going to a competitor.³
- Conversely, 34 percent of customers who do not get their inquiry or problem resolved are likely to go to your competitors.³
- Half of customers with unresolved issues are at risk of defection, or have already decided to leave.⁵
- The cost of a complaint call not handled at the point of entry escalates by 500% when it has to be escalated.⁶
- The percentage of interactions that are fully resolved while the customer is on-line varies from a low of 58% for contact centers engaged in problem solving work such as tech support, to a high of 80% for centers engaged in basic query-response calls such as taking orders, upgrading services, and answering billing questions. In general, 25-30% of queries are follow-ups to prior contacts.⁷
- 60% of all repeat calls are process or training driven – business processes are not in place to meet the customer's need, and agents have not been given the training required to meet the customer expectations that have been set by marketing or elsewhere in the business.⁸

“ FCR is the highest correlated measure to customer satisfaction of all contact center measures. A 1% gain in FCR translates into a 1% gain in customer satisfaction. They also determined that. ”

SQM Group

Benefits to be Gained from Improved FCR Rates

Significantly Reduce Costs

FCR improvements directly reduce cost by reducing the demand for service. A 15% improvement in FCR results in a 57% reduction in repeat calls. Let's look at this more closely; if we assume that your agents average about 1,200 calls per month and the FCR is 75%, then one-fourth or 300 calls per month are follow-ups. This translates into a direct labor cost of \$1.9 million per year for a 200-agent contact center.

“ 66% of contact center costs today are due to callbacks. ”

Yankee Group

According to Dick Bucci from The Pelorus Group, by reducing the ratio of repeat calls by only five percentage points, from 25% to 20%, the contact center would save \$389,120 annually, or the equivalent of ten full-time agents. This analysis considers only direct labor costs. Potential savings are nearly doubled when we factor in network services costs, seat licenses, service contract fees, hardware, training, internal IT support costs, facilities, and supervision. Furthermore, the cost of handling a call increases dramatically if it has to be escalated. Work by Resource International, an Australian firm, found that in the insurance industry the cost of a claim call increases by 650% if it has to be escalated to a senior manager. Some of this cost is attributable to the re-work required to unravel a botched interaction.

Boost Customer Satisfaction

FCR rates are directly tied to consumer satisfaction. When customers contact you, they are giving you the opportunity and permission to showcase the value that you provide to them. An increase in FCR results in a corresponding improvement in customer satisfaction, an improvement in your overall net promoter scores, and overall reduced customer churn.

“ FCR is the highest correlated measure to customer satisfaction of all contact center measures. A 1% gain in FCR translates into a 1% gain in customer satisfaction. They also determined that. ”

SQM Group

Empirical research conducted by the SQM Group (Service Quality Management Group, Inc.) showed that every 1% gain in FCR translates into a 1% gain in customer satisfaction. They also determined that FCR is the highest correlated measure to customer satisfaction of all the contact center measures. The SQM Group has conducted benchmarking studies for ten years. According to Mark Desmarais, company president, “The measure we believe is most important for measuring and managing call center customer service is – you guessed it – FCR.” Dr. Jon Anton and his team at BenchmarkPortal found that ‘First/Final’ had the strongest positive correlation with customer satisfaction. Finally, strong evidence comes from Judy Monger, president of Customer Relationship Metrics, a recognized leader in customer satisfaction measurement. According to Judy, “Field experience in measuring customer satisfaction indicates that caller satisfaction—both with the CSR and with the company in general—will be 5 percent to 10 percent lower when it takes more than one call to solve the issue than it is when the issue is resolved on the first contact.”

Grow Revenue

When you resolve an issue on the first contact, 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 – not in buying more of your products or services.

According to the SQM Group, “When a customer call is resolved you increase the customer cross-sell acceptance rate by 20%.” In the Genesys Global Consumer Survey sponsored by Genesys Laboratories, it was found that 75% of global consumers would do business with a company based on a great contact center experience and 50% said the last time they stopped doing business with a company was partly or wholly due to poor customer service.

Increase Retention of Your Best Employees

Many contact centers use handle time as the prime criteria for evaluating and rewarding agents – which only encourages agents to get rid of customers as quickly as possible. By shifting focus from handle times and placing an emphasis upon resolving the customer problem during that first contact – even if it takes up more of the agents' time – you can truly move performance evaluation criteria towards emphasis on quality as opposed to quantity. Your most valuable performers will be reliably identified based on this metric and should be rewarded to stay motivated and loyal.

According to recent research by the Incoming Calls Management Institute (ICMI), agent satisfaction has fallen to a pitiful 31%. Agents complain that their work is repetitious and lacks challenge. Providing your best agents with more authority to directly solve problems can do wonders for their self-esteem and promotes a more respectful and appreciative response from callers.

Gather Valuable Customer Intelligence

By measuring FCR, you also gain indirect benefits and incredible marketing assets in the form of customer intelligence. FCR measurement goes hand in hand with contact reason tracking, i.e. knowing WHY customers are calling. The process of improving FCR for different contact reasons helps you identify common customer misconceptions, operational issues, and even product or supply chain problems that may be unrelated to contact center operations.

Challenges of Accurately Measuring Operational FCR

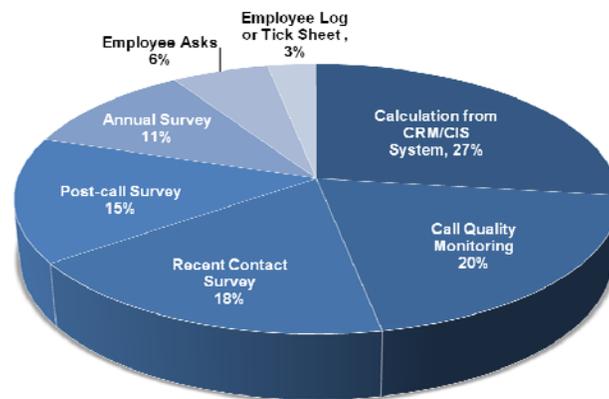
Superior customer care is a critical competitive differentiator and one that cannot be easily duplicated. With customer delight now the top objective for the majority of contact centers, management needs to find ways to track and control FCR.

However, even though many companies are aware of the strategic significance of operational FCR, they just don't know how to measure it accurately. Many face challenges in defining FCR and collecting the data points. An ideal

definition would take into account all channels of contact, including telephone, email and self-service. Several data tracking methods are in use today – all have their merits and their limitations.

According to a recent benchmarking study by the Ascent Group,⁹ the most common method in use today for measuring FCR is to calculate data from customer management (CRM and CIS) systems. Other common methods involve asking FCR questions on call quality monitoring forms and post-contact or recent-contact customer surveys. While CRM system-derived calculations and customer surveys are good for trending FCR performance over time, the information provided is often not directly actionable. Customer survey based methods have another set of limitations – not every customer takes a survey and those that do and indicate that their issue has been resolved may later decide to make additional calls pertaining to the same issue, which then renders related customer survey FCR data invalid.

The same research found that organizations from a variety of industries use the following methods to measure FCR:



Let’s take a look at the pros and cons of each of these methods in more detail:

Calculation from CRM (or CIS) Customer Systems / Performance Management Software

Pros	Cons
Objective	Extensive preparation needed
Consistent reporting	Expensive to implement

Source: The Call Center School, 2010

Call Quality Monitoring

Pros	Cons
Simple	Based on small, random sample of recorded calls - at most 5-10%, of which perhaps 30% relate to repeat calls. Not statistically valid.
Fast	Time insensitive
	Missing critical data
	Not actionable

Post-Contact or Recent Contact Survey

Pros	Cons
Time sensitive	Difficult to follow-up or take action on
Direct customer input - technology-based after-call surveys also provide fairly immediate customer satisfaction feedback which can be easily incorporated into a FCR measurement program.	Low response rate - only about 25 percent to 30 percent of customers who are solicited to complete a survey actually do so.
Open-ended comments	Difficult to separate out customer issues
	Not very actionable

Employee Asks

Pros	Cons
Inexpensive	Agents able and motivated to manipulate data they log
Timely	Increases handle time
Actionable immediately	

Asking the customer if their question was fully answered or their issue fully resolved might appear to make handle times longer, but the payoff is high. This approach reinforces the importance of FCR to the agent and increases his or her awareness of customer needs. Unresolved issues can be immediately identified and addressed, which then closes the interaction on a positive note and reduces repeat contacts. The downside is that the process relies completely on the agent to remember to ask and to accurately record the response.

Employee Judgment (Tick Sheet/Log)

Pros	Cons
Employee can determine reason for contact	Subjective
	Employee result variance

FCR Measurement Made More Accurate and Actionable

Most contact center reporting systems are heavily based on PBX and ACD statistics. This leads to what is known as a ‘measurement inversion’ where KPIs are defined more by what you can get than by what you need. Contact centers often find there is an information gap when trying to measure FCR rates, as FCR encompasses significantly more than what can be measured strictly with PBX and ACD reports. First Contact Resolution requires, at a minimum, knowing who the customer is, why they are contacting you, and when they contacted you. Without understanding why people are contacting you, you can’t determine if they are contacting you again

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Frost & Sullivan

to complain about an error, or to buy more products and services. This illustrates that FCR is a customer-focused metric (not technology-only metric) and that it must involve tracking and analysis of all customer interactions in order to lead to statistically valid conclusions that provide guidance for operational improvements, not just sample recordings or a limited number of somewhat accurate survey results.

To effectively measure first contact resolution, a combination of measures is needed to that track activity from beginning to end (Source: The Call Center School):

1. Who is the customer?
2. What is the reason(s) they are contacting you?
3. When did they last contact you for the same reason?

Gathering the Data You Need to Accurately Calculate FCR

For highly reliable FCR calculations as well as the ability to perform drill-down analysis into findings, all customer interactions should be recorded, at least initially. Customer ID should always be associated with the recording of each customer interaction. Customer ID is typically captured from an IVR or ACD, from a CRM application, and in some cases it is entered or retrieved and associated by an agent. The reason for contact can be determined by:

- Filtering process on the front end of IVR (press 1 for this, 2 for that) and integration of IVR data into a call record
- Phone number that they've dialed (DNIS from IVR) and integration into a call record
- Live triage of agents asking the reason on the front end and entering data manually
- Reason code/contact disposition entered by agent during an interaction
- Case ID or Service Ticket ID assigned by CRM system or an agent

To improve the actionable nature of this data, contact reasons should be tied to recordings of customer interactions. The same database should also hold the data on caller ID and history of calls made by the same customer, each with a reason code.

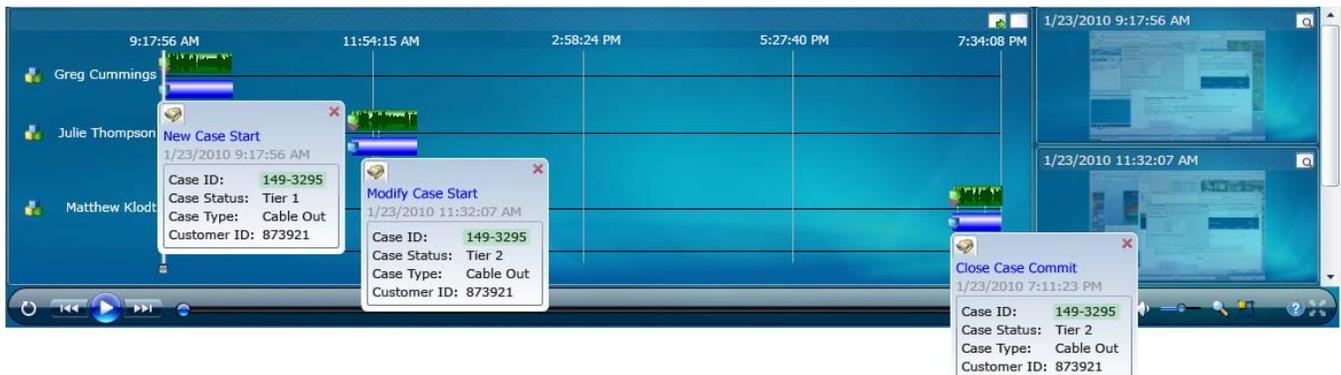
Introducing Desktop Screen Analytics

Desktop screen analytics is a powerful, very affordable new technology that can successfully in measure and improve FCR through the automated collection of a wide variety of data from applications accessed by agents – with no need for expensive and lengthy back-end integrations.

This software tool monitors activities within employee desktop applications and can tag virtually any screen data and events to recorded interactions – case ID, customer ID, reason code, navigate into cancel account screen, start new order, etc. Repeat interactions can then be accurately identified and grouped based on customer/case identifier for each interaction and the reason(s) for the each contact, and can be further analyzed based on additional data captured.

“ Screen analytics helps increase FCR, improve the customer experience, and reduce transfers, holds and call backs. ”

Donna Fluss
DMG Consulting



Advanced desktop screen analytics tools automatically identify and assemble repeat interactions by case ID and other unique identifiers and then display them in an interactive media player for review and further discovery.

Leveraging the Benefits of Desktop Screen Analytics

FCR performance is an excellent driver of operational improvements – the more actionable your measures, the better your results. When you employ desktop screen analytics technology, you can measure FCR performance by contact reason, by agent, and by work group and gather other associated information – as much as is meaningful for your organization and the execution of its business strategy. Capturing and organizing your FCR data in this fashion will also enable inter-organization performance comparisons and adoption of internal best practices.

“The savings that desktop analytics has the potential to uncover can be stunning.”

Paul Stockford
Saddletree Research

While advances in technology have made wonderful contributions to improving contact center performance and cost-effectiveness, in the end, the success or lack thereof comes down to the individual front-line agent. Measuring FCR performance by agent provides actionable information that is useful in determining coaching and developmental needs. It also makes agents more aware of the importance of FCR and encourages accountability. It is also very beneficial to tie incentives to agent FCR results. Surprisingly, only about one in five organizations reward and recognize contact center agents for achieving FCR objectives today. If incentives are granted, it is then doubly important that the data gathering mechanism is accurate.

Accurate measuring of FCR with data from desktop screen analytics will also allow you to drive improvements by reasons for contact – each reason for contact has a different set of supporting work processes and required knowledge that may need improvement. Your different reasons for contact also tend to have different revenue potential, which should then dictate prioritization of root cause analysis and a plan for improvement. For each interaction type, you should examine process flow, use of applications, work rules, and policy to highlight roadblocks, hurdles, and other FCR deterrents. We recommend that you track FCR separately for each interaction type, as this provides identification of the types of communications that provide an opportunity for being directed to less expensive channels. For example, “slam dunk” types of calls, such as verification of shipping or tracking information or order status update, that are almost always solved on the first contact should

be considered for routing to a self-service channel, such as an IVR. This should free up the available agent time for solving more complicated issues on the first contact.

To help achieve FCR success, top centers like Sears Canada have made it a habit to closely evaluate the types of interactions that are often not resolved on the first contact. They then determine the common causes and revamp training, coaching and workflows accordingly. Sears Canada attributes its stellar FCR rate — consistently in the 90th percentile range — to the center's dedication to agent training and empowerment. Sears Canada has brought all the information that agents need (i.e. knowledge management tools, screen pops with customer histories/resolution recommendations) to their desktops, thus enabling them to efficiently handle all inquiries while also giving them the information and confidence they need to cross-sell and up-sell additional products when appropriate.

Latest-generation desktop screen analytics applications enable you to monitor the FCR metrics including FCR Rate and FCR Resolved Time. These metrics are valuable, not only to monitor results, but also as a starting point for finding the root causes of contributing factors. The more advanced analytics systems allow for multi-layer reporting where you can drill from summary FCR statistics to more granular information, down to actual recordings of customer communications. This level of interaction with data can not only uncover the areas that need improvement, but also help you understand how to focus and automate the selection of interaction recordings for in-depth quality monitoring and associated training and coaching.

Since FCR statistics have an effect on almost every other meaningful statistic and measurement in the contact center, it is important to measure how improvements in each of these FCR metrics affects other metrics in short and long term, such as customer churn, call handle time, up-sell success rate, etc.

Methods for Effective FCR Root Cause Analysis

In order to effectively improve FCR, you need to understand where the true breakdown areas are. Was it a customer issue, an organizational problem, agent capabilities? Do not assume you know what your customers want or need. Two excellent methods for determining the root cause of customer issues are customer research and targeted quality monitoring and analysis.

Customer Research

Conduct focus groups, customer needs assessments, and other surveys to gather the feedback necessary to understand expectations and performance.

Targeted Quality Monitoring and Analysis

It is no longer necessary to spend hours or days manually hunting for repeat interactions to determine their root cause. Modern quality management software suites can automatically identify repeat interactions and send all of them or a statistically valid sample of highest-value interactions to designated QA evaluators. Equally as powerful,

such software can automatically assign the appropriate quality evaluation form that will best measure the impact of FCR on identified core issue(s).

Turning FCR Measurements and Analysis into Improvements

An alarming 70% of all FCR initiatives fail to result in a change the customers notice due to poor execution.¹⁰

Contact centers tend to measure everything their technologies allow and then either suffer from information overload or develop apathy. Often, they don't really know what to do with many of those metrics or how to relate them and leverage them to drive improvement. Many organizations approach solving FCR in silos – every department (i.e. Marketing, Product Management, Support, Shipping, Contact Center) tries to tackle 'part' of the problem based on their own data and objectives. This often results in pieces of a 'customer puzzle' that do not fit together.

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Frost & Sullivan

To avoid these traps, Ascent Group suggests that progressive contact centers try to view FCR from the customer perspective. Make sure you know what your customers expect and value, and respond accordingly. Do everything you can to make sure your customers' questions and concerns are resolved promptly and accurately.

The Pelorus Group adds that perhaps the simplest and most effective way to improve FCR is to grant agents the authority to solve common problems without need for escalation. In many cases, this may be a simple concession like granting free minutes, waiving a payment by check fee, granting free delivery, sending out instructional material at no charge, or other actions that cost the enterprise very little but can pay off through higher customer retention and agent satisfaction. Managers will need to set very specific limits on agent authority and may not extend the same privileges to everyone. If the recommended concession is outside the limits of the agent's authority, then protocols should be put in place for securing approval while the caller is still on the line.

Share Key FCR Metrics with Managers and Front-line Employees in Near Real-Time

Latest-generation business optimization technologies deliver accurate intelligence in the right context to executives, managers, supervisors and agents, enabling FCR and operational problems to be identified, understood and resolved more quickly. These technologies come with tools for consolidated reporting that make it easy to see how status and an improvement in FCR impacts other KPIs. Now you can have a convenient, single source of reporting across all agents, departments and programs.

Analytics-driven contact center quality monitoring applications can help you make FCR tracking initiatives focused and actionable. They enable you to:

- Distribute key FCR metrics to employee desktop tickers and personalized Web dashboard reports
- Target the delivery of proactive, early warning alerts and notifications
- Automate the delivery of repeat interactions for targeted quality monitoring and root cause analysis
- Assign targeted Coaching and eLearning content and quizzes to rapidly close skill gaps
- Flag and share best practice interactions for training



Personalized Web dashboards and scorecards help track the progress of FCR improvement efforts along with other key business initiatives.

Target Coaching, eLearning Content and Quizzes to Rapidly Close Skill Gaps

Frequently, low first contact resolution performance is a result of under-trained, unsupported, or unmotivated agents — they don't have the skills or information they need to resolve the request or problem. This gap tends to be even more pronounced in environments that involve remote or home agents.

Analytics-driven quality monitoring applications will help you address these types of challenges rapidly and cost effectively by providing agents with the tools and training to get the job done right the first time. They enable the distribution of targeted, self-paced training to agents based on their specific performance gaps that impact FCR – without impacting call handling or service levels. Those that integrate with workforce management systems will also optimize training delivery during scheduled, slow or idle times.

Apart from training and coaching agents according to their skill gaps, teach them new skills that will make their FCR goals more readily attainable – help them view service from the customer perspective so they can determine how best to serve the customer.

Research shows that over 50% of customer issues that require repeat calls can be prevented. Reduce these frequently avoidable calls by having agents consult with customers to check on their service and proactively identify other issues. For example, a customer calls about a past due balance this month. They may call with another billing related question a few weeks later, unless you permit an agent to spend a little more time on a call, helping the customer with proactive consulting. Long-term benefits of proactive attention to customer needs tend to far outweigh the slight increase in handle time.

Incorporate FCR Measures into Employee Compensation and Incentive Plans

Include agent FCR performance (i.e. Solve Rate) as a component in the monthly and annual review process – as a basis for compensation and rewards. At Aetna U.S. Healthcare's contact centers, which implemented a formal

and highly successful FCR initiative in 2002, FCR is the key focal point not only for agent incentives, but also for supervisor and manager incentive programs.

As with any measure, be careful to balance with other measures to make sure all around good performance is delivered and service isn't compromised in the pursuit of one best measure. Teach agents to find the right balance between customer demands and your center's business objectives — let agents know when to escalate a call or assign it to further investigation.

Automate FCR Notifications and Alerts

Whether you are just starting to implement a new FCR tracking program or have been running one for a while, close, timely monitoring of FCR status and trend statistics is equally critical in a slow or booming economy.

If you cannot measure FCR accurately and in a timely fashion, how can you improve upon it? The standard for excellence in establishing a best-in-class contact center organization is the ability to measure performance accurately and consistently. Contact centers will not realize their full value strategically if they cannot deliver tactically. This tactical delivery requires that you know on a daily basis the 'health' of your customer service delivery. Up-to-the-minute dashboard reporting will help you focus on the areas that need your attention immediately. Leverage technologies that provide early warning alerts that can be triggered based on pre-defined thresholds in order to send automatic notifications of negative outcomes or trends to individuals or teams.

This focused and tactical reporting assists you in timely problem resolution and exception management and will pinpoint where you need to focus your time and energy. The ability to analyze both team and individual metrics that focus on the quantity as well as quality aspect of the center's performance is key. The contact center represents the voice of the customer and a strategically important marketplace feedback loop for the rest of the organization. There is no getting around the importance of periodic, timely reporting and the role it plays in your success and the success of your enterprise.

Conclusion

Organizations today are striving to achieve FCR in order to significantly reduce operating costs, increase opportunities to sell, and improve both employee and customer satisfaction. No contact center measure has as much impact on contact center performance as FCR. Successfully optimizing first contact resolution requires commitment and focus from senior management of multiple departments throughout the enterprise to make it a priority.

FCR is a relatively new metric. Its potential power to drive center-wide success is just now starting to be fully understood. But now that the power of FCR is known, executives and managers must make it a priority to adopt effective and accurate FCR measurement tactics and implement a variety of methods and supporting tools to continually enhance FCR and the other key metrics that are linked to it.

Resources

- ¹ Yankee Group
- ² Customer Relationship Metrics
- ³ SQM Group (Service Quality Management Group)
- ⁵ Human Technologies Global
- ⁵ ACSI Research
- ⁶ Resource International
- ⁷ Cornell University
- ⁸ Frost & Sullivan
- ⁹ Ascent Group, 2009, *First Call Resolution: Customer Perception is Reality*
- ¹⁰ Weber Associates

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