

## First Call Resolution - The Call Center Measure that Matters Most!

Written By Mike Desmarais, President of SQM Group

Ask any manager or customer service representative (CSR) what their call center measures are and they will tell you about the traditional operational measures such as service levels, speed of answer, talk time, calls handled by CSR, abandon rates, occupancy rates, call monitoring scores, etc. What is more, most call center managers believe that these traditional operating measures are the most important measures for operating an effective and efficient call center. Accordingly, call centers put a lot of time and effort into measuring these traditional operational measures. Based on SQM's 2005 benchmarking study of over 250 leading North American call centers on 150 traditional operational measures, 55 customer satisfaction measures and 50 employees satisfaction measures, we have concluded that **First Call Resolution (FCR) - is the measure that matters most** for operating an effective and efficient call center. Furthermore, SQM research shows that only 43% of call centers actually measure FCR. SQM benchmarking data shows that for those call centers who measure FCR, their self reported FCR performance is 83% while customers for those same call centers report FCR at 67%. The bottom line is there is a big difference between how call center management see FCR and how their customers see FCR. It is very clear from SQM's call center benchmarking research that call centers are not effective at measuring and managing FCR.

### Key Performance Measures

Call centers have traditionally used operational measures as Key Performance Measures (KPM) for operating their call center. It is SQM's opinion, that traditional operational measures are important however, they are not a KPM. What is fundamentally wrong with the practice of using traditional operational measures is that they do not meet all the characteristics of a KPM. The characteristics of a KPM are that it is *pertinent* to a call center mission, you can *focus* on the measure, it is statistically *accurate*, it can be *frequently* measured, it can create *accountability*, it has big *impact* and it can be used for employee *rewards*. (See table 1) Most of the traditional operating measures only meet 2 to 4 characteristics of a KPM. For example, talk time, which is one of the most common traditional operational measures, meets only 4 characteristics of a KPM (*focus*, *accurate*, *frequency* and *accountability*). The reason the talk time measure does not meet the other 3 characteristics of a KPM is because it is not *pertinent* to a call center's mission and operating principles, it has little *impact* on customer and employee satisfaction and it is not effective for a *reward* program.

Put simply – just because a call is handled quickly does not mean that it is handled efficiently, especially if that customer has to call back in because the information was incomplete. For example, in one health care provider we work with they removed the measure of calls handled from their CSRs because they realized that if they held their CSRs accountable to calls resolved, rather than calls handled, that they should reduce incoming call volume by 10-12%. This happened almost immediately, so they went to the next step of removing reader boards and making sure that service levels are the responsibility of the management team, while call resolution is the responsibility of the CSR.

Most call centers tend to use multiple measures (typically 25 to 100) to measure and manage their call center. It is SQM's opinion that call centers should use measures that meet all the characteristics of a KPM. However, only a few call center measures meet the KPM criteria. Call centers that want to operate more effectively and efficiently need to focus on the FCR measure. Of all the call center measures, FCR is one of the few measures that meet all 7 characteristics of a KPM. FCR can be *pertinent* to the call center's mission, you can *focus* on the measure, it can be statistically *accurate*, it can be *frequently* measured, it can create *accountability* at all levels, it has a big *impact* on customer satisfaction and it can be used for employee *rewards* and recognition.

Table 1. KPM Characteristics & Definitions

Characteristics	Definition
<b>1. Pertinent</b>	KPM can be tied to call center mission, strategy and operating principles
<b>2. Focus</b>	KPM can be understood, viewed and acted upon at all staff levels
<b>3. Accurate</b>	KPM can be viewed as accurate and statistically valid at all staff levels
<b>4. Frequency</b>	KPM can be measured frequently and consistently (preferably daily or weekly)
<b>5. Accountability</b>	KPM results can be tied to appropriate representative and manager performance
<b>6. Impact</b>	KPM has a big impact on other call center cost, sales, customer and employee satisfaction performance
<b>7. Rewards</b>	KPM results can be tied to reward & recognition programs at representative & manager levels

## FCR Business Case

An even more important reason to focus on FCR is the business case. The business case is based on SQM's call center benchmarking study, in which SQM determined four main reasons to focus your call center resources and efforts on FCR:

- 1. Reduce operating cost** – if you are running a 67% FCR rating, which is the call center industry benchmark average, you need to understand that 33% of your total call volume is coming from customers who have to call back because their issue wasn't resolved the first time. The cost to the call center is enormous.
- 2. Improve customer satisfaction** – for every 1% improvement in FCR, you get a 1% improvement in customer satisfaction. FCR is highly correlated to customer satisfaction. In fact, FCR is the highest correlated measure to customer satisfaction of all the call center measures.
- 3. Increase opportunities to sell** - assuming you are at the benchmark average of a 67% FCR rating, you have an opportunity to increase your cross selling by 33%. SQM's research shows that customers' needs must be resolved before the CSR has earned the right to move on to any sort of sales activity. If the CSR moves to the cross sell too early the customer is irritated and feels that the organization is pushing its needs, rather than serving the customer. The fundamental customer relationship is undermined.
- 4. Improve employee satisfaction** - an organization with low FCR often has low employee satisfaction and high turnover. The stress is very high on the employee who handles the second and third call from that customer whose issue wasn't resolved the first time.

## Defining and Measuring FCR

Most call centers are unsure how to define and measure FCR. SQM's definition of FCR is the... "*Customer's inquiry or problem is resolved in one call*". Furthermore, the customer must be the judge of FCR, and not call center management. SQM believes having the customer be the judge of FCR is the best practice. Call centers can use internal FCR measures but they are less effective and accurate. As previously mentioned, call centers self reported internal FCR ratings is approximately 20% higher than the customers FCR ratings. In addition to defining FCR, call centers must know how to effectively measure FCR. Listed below are 6 ways to measure FCR (script, IVR and telephone surveys are the only measurement methods where the customer determines if their call was resolved on the first call).

- 1. QA Call Monitoring...** QA evaluators determine if the call was resolved
- 2. IVR Surveys...** customer completes an IVR survey at the end of the call and is asked if their call was resolved
- 3. Call Backs...** FCR is determined based on whether the customer called back within 3-5 business days
- 4. Script...** CSR asks the customer at the end of the call if their inquiry or problem was resolved
- 5. Telephone Survey...** customer is surveyed within 1-3 days of the call and asked if their inquiry or problem was resolved
- 6. Case Mgmt/CRM...** CSR uses their desktop software application to capture whether the customer's inquiry or problem was resolved

## Top 10 FCR Best Practices

Only 5% of the call centers benchmarked by SQM are at the world class FCR rating of 80% or higher. Achieving 80% or higher FCR rating typically results in an average of 1.2 calls needed to resolve customer's inquiry or problem. Again, the average call center FCR rating is 67% resulting in an average of 1.6 calls needed to resolve customer's inquiry or problem. As you can see there is a big difference between a world class performing call center and an average performing call center. Listed below are the top 10 best practices for transforming your call center to a world class FCR call center.

1. **Management...** is committed to improving FCR in their mind and heart and FCR is viewed as the most important measure
2. **Awareness...** all levels of employees (CSR to VP) are aware of the business case to improve FCR performance
3. **Goals & Accountability...** all levels of employees (CSR to VP) are accountable for achieving FCR goals
4. **Resolution Outcome...** CSRs take ownership for resolving their own customer inquiry or problem calls
5. **Two Plus Calls...** call center management evaluate source of error for two plus calls
6. **Measurement...** FCR is measured frequently, consistently and is determined by the customer
7. **Coaching...** supervisors are trained to coach CSRs on how to improve their FCR performance
8. **Hiring & Turnover...** new CSR hires are based on having a predetermined FCR profile and call center management focuses on reducing CSR turnover
9. **Call Flow...** customer calls are effectively and efficiently managed (i.e. call routing, script, desk top applications, etc) for achieving FCR
10. **Recognition & Incentives...** CSRs are recognized frequently for achieving their FCR goals and financial incentives are at least 50% of financial incentive payout

## Conclusion

Again, traditional call center operational measures are important for operating a call center. However, SQM's research clearly shows that FCR is the call center measure that matters most because it reduces operating cost, increases opportunities to sell and improves both employee and customer satisfaction. No call center measure has as much impact on call center performance as FCR. Call centers can use internal FCR measurement methods (i.e. call backs) but they are less effective and accurate compared to external measurement methods (i.e. telephone survey). In closing, the implementation of Top 10 FCR Best Practices will transform an average FCR call center to a world class FCR call center.

## More Information

For further information regarding this article, contact:

Phone: (800) 446-2095

[inform@sqmgroup.com](mailto:inform@sqmgroup.com)

[Back to Articles](#)

[Benchmarking](#) | [Tracking](#) | [Action Planning](#) | [Call Monitoring](#) | [Call Quality Assurance](#) | [First Call Resolution](#) | [History](#) | [Clients](#) | [Awards](#) | [Privacy](#) | [Guarantee](#) | [Articles](#) | [Presentation](#) | [Tools](#) | [SQM Report Card](#) | [Report Card Help](#) | [Employee Survey](#) | [Operational Survey](#) | [Management Survey](#) | [SQM Report Card](#) | [Sitemap](#) | [Sign up for Newsletter](#) | [Sign up for Webinar Conference Call](#) | [Sign up for Demo](#) | [Homepage](#) | [Contact Us](#) | [Email](#)