Four Strategies for Improving First Call Resolution

NUANCE

The critical importance of optimizing first call resolution (FCR).

In today's new era of customer service, you must achieve the seemingly impossible—improve the experience while simultaneously reducing costs. One key metric, first call resolution (FCR), can give you a clear window into how to achieve these—by properly addressing a customer's need the first time they call.

In fact, this insight is so essential that Bruce Belfiore, Senior Research Executive and CEO of Benchmark Portal, a leader in contact center benchmarking, calls FCR **"the magic metric"** because of it's profound impact on cost and quality.[1]

Top contact center metrics[5] FCR COMES IN AT #2
1. Quality scores
2. First call resolution
3. Customer satisfaction
4. Service level
5. Average handling time
6. Right party connects
7. Net promoter score (NPS)
8. Forecast accuracy
9. Revenue per call
10. Utilization

In addition, improving FCR results in reduced costs as fewer call backs and more self-service completions drive down costs per interaction – creating happier customers with fewer complaints and less agent burnout.

Adding all this up, it's clear how quickly a FCR improvement initiative pays dividends. And that's important, because contact centers are losing ground. From 2009 to 2014, average FCR rates went from 85.2%[2] to 75%.[3] During the same period, customer satisfaction has seen a steepdecline. Though there has been some ups and downs, scores are down since 2009 – with a precipitous freefall over the last 8 quarters to a now low of 73.4 on a 100-point scale – the lowest score on record since 2004.[4]

These declines are troubling, especially in an age where loyalty is scarcer than ever. Bad experiences are met with increasing blowback on social media, bad reviews to friends and family, and churn to competitors or the "cool new thing."

But don't worry, improvements in FCR are attainable for any organization – it just takes the right strategy and this document can guide you through the process.

In fact, similar initiatives have helped organizations of all sizes, and from across industries and the globe, achieve improvements of 5% to 15%.

Ready to start reaping your own rewards? Let's get started.

Research supports his claim CONSIDER THE FOLLOWING:

A decrease in FCR directly correlates to a decrease in customer satisfaction.

A Customer Relationship Metrics study found that CSAT will decrease 35%-45% when a repeat call is made.

An increase in FCR directly correlates to an increase in customer satisfaction.

A Service Quality Measurement Group study revealed that for every 1% improvement in FCR, you get a 1% increase in CSAT.

1 **Benchmark Portal** – "Contact Center Economics 101," 2014

2 **Dimension Data** – "Summary Report," 2014

3 **Dimension Data** – "Global Contact Centre Benchmarking Report," 2015

4 **ACSI** – "Press Release National ACSI," 2015

5 **Call Center Helper** – "The Top 10 Most Important Contact Center Metrics," 2012

Before you can undertake any improvement initiative, it's critical to first get a clear picture of your current state. You will want a baseline both to track improvements, as well as to benchmark against others in your industry.

While the formula to compute FCR is relatively straightforward, accurately gathering the data to inform the calculation can be complex. There are several potential sources of data that should be included.

Your FCR score
CALCULATE IT!

Number of calls
Resolved initially

÷

Number of calls
All incoming

=

% **% FCR**
First call resolution

The two key sources of data – internal and external

If you take nothing else away from this section, remember this: When calculating your FCR, it is critical to account for the customer's perspective on whether or not their issue has been resolved. At the end of the day, their satisfaction and willingness to do more business with you is what will impact your bottom line.

In addition, failure to understand the customer's viewpoint may artificially inflate your FCR, leading to hidden sources of customer attrition (you can't solve problems you don't realize are there). The chart below shares the most common sources of both internal and external data.

EXTERNAL
Does the customer think the issue is resolved?

INTERNAL
Does your organization think the issue is resolved?

✔ **Conduct contact surveys** to understand why customers are calling, and if it's a repeat issue

✔ **Conduct post-contact surveys** to understand if the customer believes the issue was resolved

✔ **Connect data sources** and track interactions to be sure they're resolved

✔ **Review agent coding** and logging

✔ **Monitor calls for quality,** auditing for first call resolution
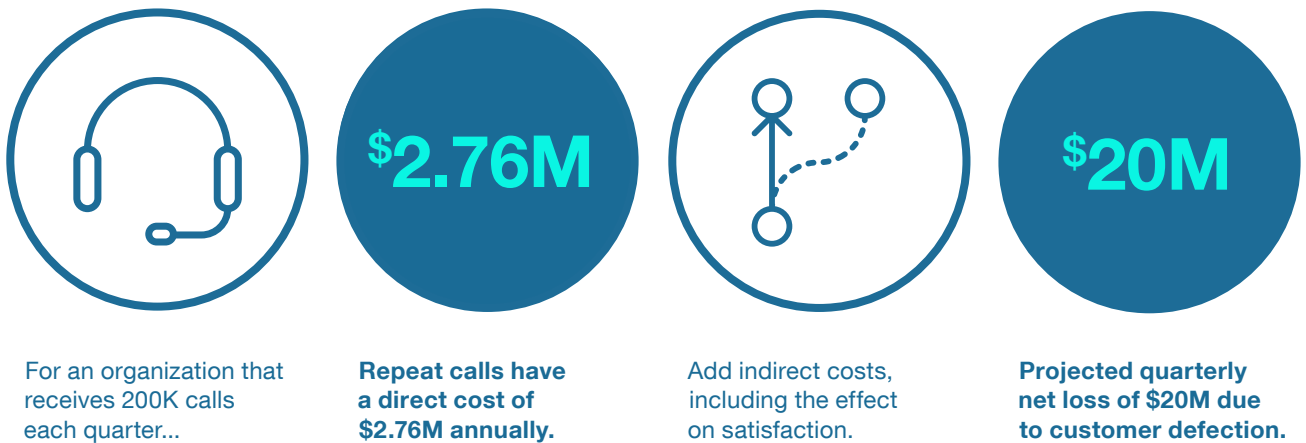
✔ **Review repeat call data** and timing

When reviewing the above data points, remember that both a caller's timing and their reason for calling (caller intent) is critical. It's common for many companies to mis-calculate their FCR by incorrectly including subsequent, irrelevant calls within a pre-determined period of time. Or conversely, companies can erroneously inflate their FCR by ignoring subsequent relevant calls when calculating their FCR rate. It's not enough to examine single calls based solely on timing. The "why" the person is calling is equally important. You must review all calls over defined periods of time – a day, a week, a month – and ensure that customers aren't calling back about the same issue. This is why gathering both internal and external perspectives are so critical – it gives a clear window into the actual resolution rates. If you aren't able to gather these sources of data right away (don't worry – most organizations aren't) you can work toward putting systems in place as you move through the process. Don't let this stall you.

Next we'll walk you through a formula to benchmark the impact of FCR, as well as some common mistakes which will indicate your FCR is likely lower than it should be.

Calculating the impact FCR has on your organization

What is the financial impact of repeat calls on your organization? If you're like most organizations, the direct and indirect cost of repeat calls is actually far greater than you realize.

Dr. Jodie Monger, the president of Customer Relationship Metrics, set out to understand the impact repeat calls had on medium to large customer service organizations in order to provide a rough estimate of costs for organizations like yours.

$2.76M

$20M

For an organization that receives 200K calls each quarter...

Repeat calls have a direct cost of $2.76M annually.

Add indirect costs, including the effect on satisfaction.

Projected quarterly net loss of $20M due to customer defection.

"Don't tell your CFO or your shareholders" she cautions. Probably wise advice. Want to review the study in detail? You can check out Dr. Monger's full study, **"First Call Resolution: Its Impact and Measurement."**

Download Now

So then, how likely is it that your FCR is not as high as it should be? Let's review a few of the common causes of sub-par FCR.

Risk factors
Causes of poor first call resolution

While there are many factors that contribute to your overall first call resolution, here are the biggest drivers of poor FCR rates.

If one or more of these sound familiar, you are likely an excellent candidate to reap significant cost savings and improvements in customer satisfaction by undertaking a FCR improvement initiative.

Complex or unclear IVR menus

Complex or confusing menus mean callers aren't sure which menu options are right for them. Callers end up in the wrong place, issues are left unresolved.

Long hold times

Long hold times mean callers hang up and call back. This is an example of an unresolved call which may not be logged by internal metrics, yet customers become irritated and dissatisfied all the same.

Lack of information access

Sometimes callers don't require a lot of information to resolve their issues. Ensure your IVR is connected to your basic CRM and billing systems so you can provide customers easy access to information.

Lack of a multi-channel strategy

Customers are now more likely to contact your company through different channels before they call. Make sure internal data lines are invisible to raise the rate of successful call resolution each time.

High agent turnover

Less experienced agents likely mean less valuable expertise and more issues left unresolved. Remember, improving self-service is an excellent way to reduce agent turnover as it frees agents up to handle higher-value interactions.

Lack of agent authority

If a front-line agent can't give a customer a refund and must rely on managerial escalation, it may drive down FCR.

But where to begin? Next we'll outline four initiatives which have consistently and predictably proven, over time, to not only deliver immediate value but also sustainable and long-lasting FCR improvements.

Four proven initiatives to improve FCR.

1

Improve routing and containment

As instant gratification becomes the norm, consumers have less and less patience for complex phone menus - 40% will zero out if there isn't a first level menu option that matches the reason they're calling.[6]

A thought exercise to help understand a customer's plight

They've called your company with a problem but can't find a menu option that matches the reason for their call. They have two choices – select one of the many IVR menu options and hope for the best (misroute!) or press "zero" to reach an operator, who often is not in the right department, doesn't have any context of the call, and misroutes the caller again. Frustrating. Time wasting. Expensive. And in today's world – completely unnecessary.

This precise scenario drives many organizations to optimize their routing by modernizing their IVR.

Modernizing call-routing – understanding your options

Primary to the goal of improving first call resolution is improving intent capture. Accurately capturing intent paves the way for a successful resolution – if you don't know why a customer is calling, you can't accurately solve their problem. Intent capture, when it comes to call routing and containment, is entirely dictated by the technology powering your IVR – so we'll provide a brief overview here.

The differences in accuracy and ease-of-intent-capture have a marked impact on FCR.

When evaluating multiple IVR technologies, enterprises essentially have three options:

Touch-tone

Intent is gathered using keys on the telephone. For example, Press "1" for billing.

Speech

IVR captures callers intent by recognizing specific words. E.g. Say 1 for "Billing".

Conversational

Conversational IVRs with NLU (Natural Language Understanding), recognize strings of words, allowing callers to speak naturally.

6 **GMI** – "Global Test Market Survey," 2014

1

Improve routing and containment

Why NLU makes the biggest impact on FCR

Of all the technologies available, NLU makes the largest impact on FCR. Here's why. People call your company for hundreds or thousands of reasons every single day. Relegating them to a limited set of menu options means making assumptions about why they call - an impossible task. Yet critical to improving FCR is ensuring they get to the right place the first time.

I need to pay my bill.

I have a question about my bill.

I need to change my billing address.

Customers are more likely to be directed to the right resource – either the right agent or self-service menu, quickly and without error. Here's an example of what can be achieved, just one success story among many.
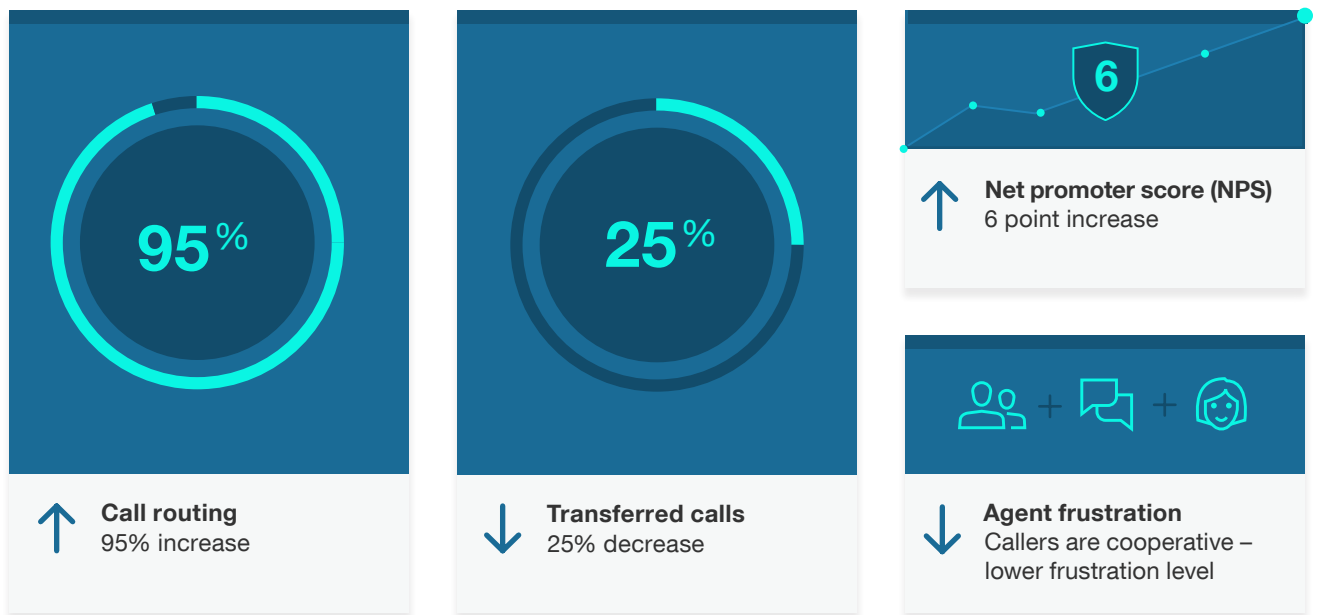
1

Improve routing and containment

Nuon Energy's IVR modernization initiative

Suffering under the weight of a complex, difficult to navigate touch-tone IVR, Nuon – one of the largest utility companies in the Netherlands – sought to modernize its IVR to improve its customer experience. Today, the company has a Conversational IVR with Natural Language Call Steering. While they did not use a first call resolution metric – Nuon focused their tracking on routing and customer satisfaction metrics – the end benefit was the same. **Happier customers, happier agents and lower costs.**

Among Nuon's results:

95%

↑ **Call routing**
95% increase

25%

↓ **Transferred calls**
25% decrease

6

↑ **Net promoter score (NPS)**
6 point increase

↓ **Agent frustration**
Callers are cooperative –
lower frustration level

A highly achievable outcome for any organization who modernizes its IVR with NLU.

2

Ensure agents have what they need

Here is a situation that will likely feel familiar.

You have a problem with a company so you head online either to Google or the company's Website to find an answer. Unable to solve the problem, you pick up the phone. You land in an IVR. You select your menu option (I think I need billing…), provide your name, account information, and maybe even your password. You get transferred. An agent answers – you start all over again.

It's infuriating to say the least – and you're not alone with your frustration. In fact, one study found that "customers hate having to repeat themselves multiple times to multiple systems and people via multiple channels more than anything else, including not getting any resolution at all."[7]

Eliminating this problem presents a unique opportunity to improve FCR, while reducing handle time as well as friction for customers.

Empowering your agents

For many companies, the current state is one of chaos. Agents may have access to some information, but only from a few systems. They may get no information when a caller is transferred to them. The information they do have may be scattered between screens or difficult to access. To bring order to the chaos, there are a few keys for success:

Review routing strategies	**Connect all data sources**	**Provide an easy-to-read graphical interface**
In this kind of initiative, routing strategies are key. You'll want to ensure complex interactions are routed directly to agents to maximize speed and effortlessness. This is where NLU can help bolster your efforts.	Agents should be able to see a real-time view of customer data across channels. This also helps improve up-sell and cross-sell opportunities where applicable.	As a rule you'll want at least 80% of the relevant customer information to be available on the first screen – otherwise time is wasted navigating through the system.

While improving your customers' call experience is critical, one of the best ways to improve their experience, not only improving FCR but also their satisfaction, is to help them avoid needing to call in the first place. That's where strategies three and four come in.

Want to see the ideal experience? Review this data sheet: CTI and Agent Desktop Services >

7 **Capterra** – "The Customer Service Technology Arms Race," 2015

3

Optimize your multi-channel customer experience

In 2005 – more than 10 years ago – BenchMark Portal made the following comment about customer service: "People now expect the same – if not better – level of service from online storefronts and service channels as they do from a visit to a retail store or a phone conversation with an agent."[8]

Ten years ago! The transition is over, the world has shifted: we are now firmly in the digital age.

Yet overwhelmingly, and to the peril of those companies who are failing to make the shift, multi-channel customer experiences are still failing to deliver what customers demand – effortless, effective experiences regardless of channel.

Consider this – one study found that **57% of inbound customer service calls come from customers who went to the Website first**.[9] These customers tried to self-serve, couldn't find the answers, and instead flooded the contact center with calls. This scenario is a challenge when it comes to improving first call resolution.

A frustrating waste of time – for customers, for agents, for your company. But by simply reducing the number of calls that enter the contact center, and helping customers help themselves – customers will be happier and agents will have more time to help those who truly need it. This enables you to focus FCR improvement on your self-service IVR apps and on calls that actually warrant agent involvement.

While there are a myriad of ways to optimize your multi-channel experience, one that has predictably proven to produce the greatest improvement in a variety of metrics, including FCR, is by improving your Web experience – a channel that is often lacking despite its position as the first stop most customers make in their service journey.

8 **Benchmark Portal** – "Email Cust.. Service, N. American SMB Businesses," 2005

9 **Harvard Business Review** – "Stop Trying to Delight Your Customers," 2010

3

Optimize your multi-channel customer experience

The new breed of Web self-service

Improving the Web experience may include many initiatives, but we commonly see organizations evaluate **three key things:**

User-centric design

Design experiences to meet the exact needs of your customer, rather than to service the internal silos of your company.

Web chat

Web chat allows your customers to directly communicate with agents through the Web.

Intelligent virtual assistants

Deliver a human-like experience with the speed of a live Web chat but using deploy-once, serve everyone technology.

What we'll explore more deeply here are virtual assistants. These are the secret weapon of FCR initiatives that deliver on all fronts: a better experience, lower costs, happier agents – and more.

A far cry from their initial construction, today's Web virtual assistants are smart, accurate, fast - and help to streamline the customer experience not only online, but also for those cases where customers need to speak with a live agent – either via chat or by phone. The best-in-breed deliver:

Speed

Rather than information hunting on a Website, or reading through static FAQ's, customers simply ask the Virtual Assistant for the information they seek. The result is that customers get the right solution in a single step.

Accuracy

Natural Language Understanding, now improved by years of testing to maximize fluency, understands complex questions and delivers the exact right solution. The best ones really do deliver the same level of fast service as a human.

Containment

By improving the resolution rate of customer requests on the Web and increasing self-service containment, your agents are now free to focus on delivering service where it is truly needed.
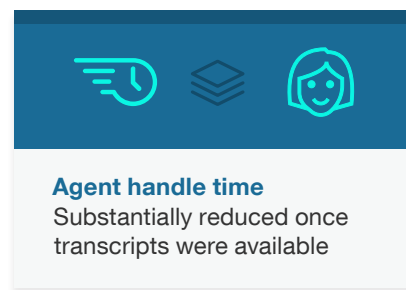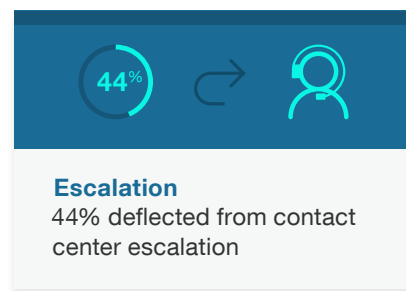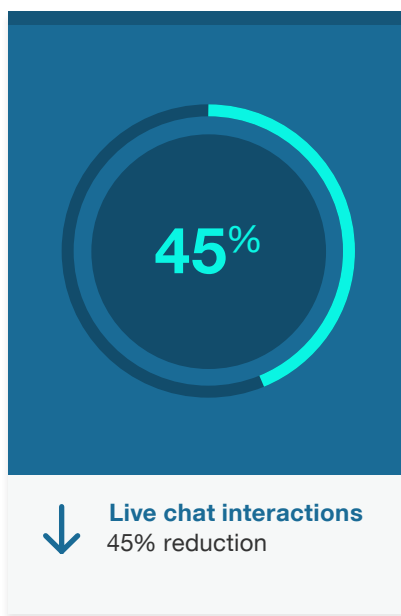
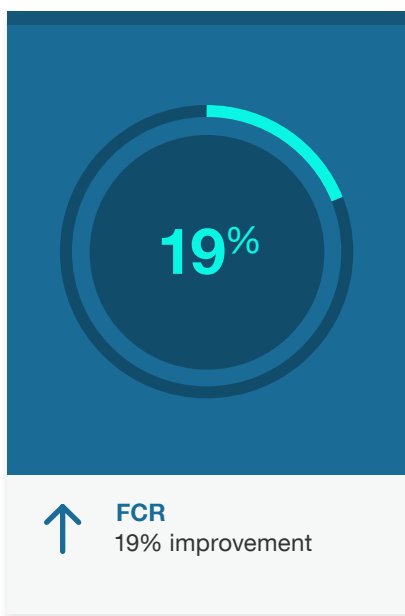## 3

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Optimize your multi-channel customer experience

Case study: Consider Windstream

This is a company who, like many, struggled with a sub-par Web experience that was frustrating customers. Today – customers rely on Windstream's intelligent virtual assistant Wendy.

The results are significant and achievable by most:

19%

↑ **FCR**
19% improvement

45%

↓ **Live chat interactions**
45% reduction

44%

Escalation
44% deflected from contact center escalation

Agent handle time
Substantially reduced once transcripts were available

Read more about Windstream's deployment >

4

Reduce call volumes with engagement

Beyond any call optimization strategy, the surest way to ensure your customers have their problems solved in a timely manner is by making sure they don't need to call in the first place.

Paying bills. Changing or confirming appointments. Reordering prescriptions. Routine issues like these need never turn into a customer problem – or a number in your contact center queue – if you simply help customers remember. It's not only good for your operational costs and agent utilization – it's what customers want.

A study by Wakefield Research found that 90% of consumers are more likely to do business with a company that reminds them versus one that does not.[10] Reaching out to customers in advance with reminders or updates through automated calls, emails or texts – proactively engaging them – will inspire their loyalty. When building your proactive engagement strategy, there are few key pointers to keep in mind.

Keys to an effective proactive engagement strategy

The types of reminders and notifications companies deliver are limited only by imagination and can help solve for a wide range of problems. Anytime you wish your customers would take an action, there is an opportunity to send them a friendly helpful reminder. And for every problem avoided, that's one less call to your contact center. This results not only in an improved FCR, but also in happier customers.

Below are the top issues consumers would like a little help with.

Top issues consumers believe could be avoided with reminders

- Late payment fees
- Interruption of cable or utility service
- Overdraft
- Missed delivery
- Healthcare related problems (for example, missed medication)

10 **Wakefield Research** – "Digital Amnesia Study," 2016

4

Reduce call volumes with engagement

But the engagement needn't stop there. For instance, a text might be sent to remind a customer to reorder a product. You might send an email, text and place an outbound phone call if you need customers to update critical information – such as an expiring credit card. The opportunities are many, as are the channels available to you.

A strong proactive engagement strategy includes a blend of channels optimized to appeal to your customers' unique preferences. Below is a quick breakdown of the communications consumers want – versus what they believe they get today.

CHANNEL	WANT	GET
Email	80%	53%
Text	42%	7%
Mail (USPS)	31%	15%
Call to cell	19%	14%
Call to home	16%	8%
Mobile message	12%	1%
Social media	9%	2%

Wakefield Research – 2016 Digital Amnesia Study

Technology has also advanced to allow 2-way texting with Natural Language Understanding. Your customers can carry on a self-service conversation over text! Innovations like these show you how you should consider using a range of channels to offer a proactive engagement strategy that's: **orchestrated**, **connected**, **personalized** and **actionable**.

And remember, be sure that your proactive engagement partner has systems in place to keep you on the right side of compliance laws.

Orchestrated

Utilizing inter- and intra-day cross-channel orchestration and escalation capabilities of coordinated voice, email, and text communications.

Connected

Including contextual awareness via integrated inbound and outbound capabilities. All channels should speak to each other, and know where the customer is in their journey.

Personalized

Adaptable to user preferences and usage patterns (channel, contact time of day, language, etc.).

Actionable

Featuring interactive systems and messages. Messages customers can interact with, respond to, and get their problems solved.

Summing it up
## How to improve first call resolution 5% to 15%

Lower costs, happier customers and improvements in a host of business outcomes – these are just a few of the benefits of improving your company's first call resolution.

It's no wonder that Bruce Belfiore, Senior Research Executive and CEO of Benchmark Portal, a leader in call center benchmarking, has dubbed first contact resolution (FCR) "the magic metric" as no other call center metric has such a profound effect on both cost and quality.

The good news is that no matter the state of your FCR today, improvements are in reach. The key is to start taking small steps beginning today.

Share this guide with other key stakeholders. Call a meeting to get the discussion started. Take the initiative! Be the change you want to see in your organization, using this document as your guide.

The result will not only be an improvement in first call resolution metrics, but also improved customer satisfaction, happier agents and ultimately measureable financial benefit.
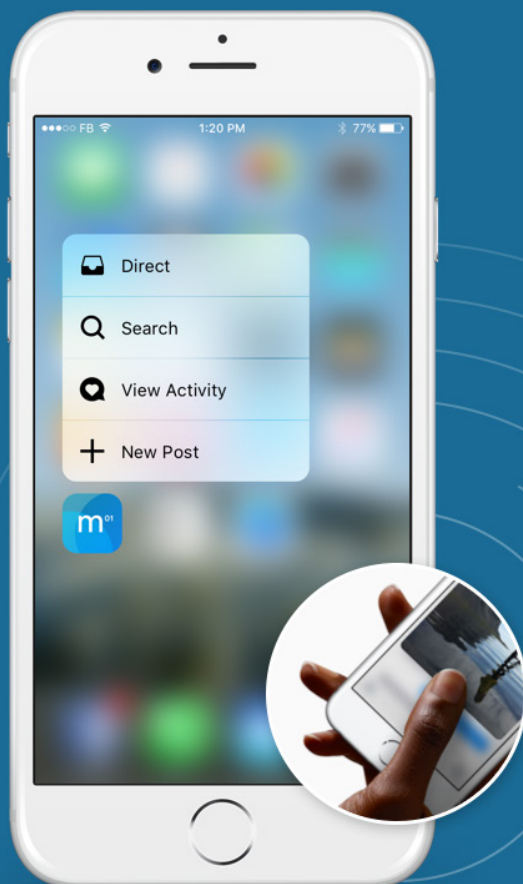
Resources to make the business case

Check out these additional resources to optimize your IVR and improve your customer experience.

GUIDE

New rules of call containment

In the face of the seemingly impossible task of boosting customer satisfaction while cutting costs, increasing call containment is one of the key strategies you must master.

Learn the 3 new rules of call containment.

Download Now

GUIDE

Mastering call routing

Misroutes. They wreak havoc on key metrics such as average handle time and first call resolution and erode customer satisfaction.

Learn 5 strategies to reduce misroutes between 5% to 15%.

Download Now

REPORT

Best self-service. Ever.

Over the past few years, a great deal of research has been done to dissect the customer experience and understand what truly leads to loyalty.

Find out more in this report.

Download Now

REPORT

The millennialization of customer service

Across generations, what do your customers want in a customer experience?

Get the research now and learn more.

Download Now

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