

**First-Contact Resolution:
Best Practices for Utilizing FCR to Drive Performance Improvement**

By Dave Brown, Support Center University

First-contact resolution, or FCR, is finally getting the attention it deserves. For years, I’ve called this the most underutilized and underappreciated metric, and it truly was. More than half of the companies that I’ve worked with did not track FCR at all. However, recently there has been growing recognition of the value of this key measurement. There is realization that not only is FCR a key indicator of current performance levels, but it’s also one of the best tools for identifying improvement opportunities and predicting benefits. This simple metric may just be *the* single most important measurement of support performance.

FCR has long been considered a key metric for high-volume, low-complexity operations. However, recent attention has created a better understanding and has exposed FCR as a critical measure for *all* technical support operations. In fact, it may be even more important to the complex, lower-volume operations—even though they have low FCR rates. That’s a very important point that deserves further explanation.

Most people think of FCR as a measure of “initial success.” They take it at face value. And if the operation is complex, and most of the problem resolution effort is applied later (after the initial attempt to fix), then they don’t see much value in measuring FCR. I’ve been told, point-blank, “We don’t have a high FCR, so we don’t measure it. That’s not our focus.” That’s the wrong way to look at it!

FCR doesn’t just tell you how good you’re doing on initial contact; it also determines how much work needs to be performed on the “back line” (Level 2 or 3). If you have a low FCR, then you naturally have a larger back-line or follow-up workload. Typically, cases resolved on the back-line cost three to five times as much as those resolved on initial contact. That means even small improvements in FCR translate to substantial savings by reducing that back-line burden.

Let’s take an example. Imagine you have a basic two-tier organization. Level 1 resolves 25 percent of cases (phone or e-mail) in an average of 20 minutes. Level 2 resolves the remaining cases in an average of three days (elapsed or calendar time), but with an average of 60 minutes of applied effort. To keep it simple, let’s use 1,000 calls (per day or week; it doesn’t matter). If you do the math, as shown in *Figure 1*, you’ll find that only 10 percent of the labor is being applied at Level 1 and 90 percent is being applied at Level 2!

Figure 1

	% Resolved	Qty.	AHT	Minutes	Hours	% of total Labor
Level 1	25%	250	20 min.	5,000	83.3	10%
Level 2	75%	750	60 min.	45,000	750	90%
Total		1,000		50,000	833.3	

BEFORE: 90 percent of labor is on back line.

If you can shift five percent of cases from being resolved on the back line to the front line (increase FCR by five percent), it will translate to a four percent labor reduction, as seen in *Figure 2*. That’s an improvement that can be taken as either a staff/cost reduction or a capacity increase.

Figure 2

	% Resolved	Qty.	AHT	Minutes	Hours	% of total Labor
Level 1	30%	300	20 min.	6,000	100	12.5%
Level 2	70%	700	60 min.	42,000	700	87.5%
Total		1,000		50,000	800	

AFTER: Overall labor (800 hours) is reduced by four percent by shifting case resolution to initial contact.

And since Levels 2 and 3 staff are more expensive, a four percent reduction in labor can be an even greater reduction in expense. Small improvements can have a dramatic effect—particularly in complex environments. Getting better at FCR saves you money on the back line.

Now, let's look at the four primary uses of FCR:

1. Measure current performance.
2. Identify opportunities to improve department performance.
3. Predict the benefits of potential changes.
4. Gauge the results of changes.

FCR is one of the most important performance measurements because it has such far-reaching implications. FCR can certainly be used as a standalone performance measure. However, it becomes even more valuable when combined with average handle time (AHT). Consider the ratio between FCR and AHT. Think about how much time should be spent on that initial attempt to achieve resolution. Should your people stay on the call for "as long as necessary" to achieve FCR? Probably not. There's a point of diminishing return. In our example above, would it still make sense to shift that five percent to the front line if it increased your AHT by three minutes? By five minutes? You need to find the balance point—the point where spending the extra time to achieve FCR is offset by the reduction in overall effort.

FCR is more than a key productivity measure. It is also an indicator of other issues. For example, if FCR is trending downward, it could mean there's a problem with training or with the knowledgebase. Maybe your latest product release has caused the case mix to change, obsolescing your training or knowledge management (KM). Or maybe the pressure you've put on agents to keep their talk time down has resulted in lower FCR. The bottom line is that you should watch FCR closely and understand the reason when it begins to trend one way or the other.

Once you know how to use it, FCR can become one of your best tools for identifying opportunities to improve department performance. Here's an example of how it can be used: Let's say a support organization has an FCR rate of 60 percent overall. Even though it's a meaningful metric (as we discussed above), it's still an average. Imagine that you spend some time sitting and monitoring calls. You realize that when an agent gets a call on an issue that he is fully qualified to handle, his resolution rate is 85 percent. However, when he gets calls outside of his core expertise, the resolution rate is much lower—only about 35 percent. Currently, it's about a 50/50 chance that agents get calls they can handle, resulting in an overall FCR of 60 percent. Not only that, but those 35 percent resolutions (poor matches) take much longer. This indicates a need to improve the call/case routing—implement or revamp the skills-based routing (SBR)—so that cases are better matched to agent skills. This will dramatically improve your FCR, and it will simultaneously drive down your AHT.

Skills-based routing is one example. Maybe the solution is a better knowledgebase or better training. The point is, by measuring FCR at a more granular level and correlating it to other factors, you can identify opportunities to improve.

Let's see how we can use FCR to predict the benefits of potential changes. Using our example above, a natural assumption is that the potential is to increase FCR from the current 60 percent to 85 percent. However, the 85 percent success rate was when the call reached the right agent. Is it realistic that we can get 100 percent of the calls to the right agent? Not really. Not if you want to keep the phone menu relatively short and simple for customers. When I design a skills-based routing system for a company, I use an 80 percent-plus target. It is usually possible to get 80 percent or more of the calls to the right agent and still keep the phone menu simple enough that customers won't get frustrated. (By the way, SBR can be applied to e-mail and Web-generated

cases too!) If you get 80 percent of cases to the right agent, and they have an 85 percent success rate, you'll end up with a 68 percent overall FCR. Increasing FCR from 60 percent to 68 percent is a significant improvement that will translate to cost savings or capacity increase. The key point is that FCR is at the heart of the calculation and is the key to justification.

By now, it should be fairly clear how you use FCR to gauge the results of changes. Once again, it is very important to pair FCR with AHT, as I suggested when measuring operational performance. Measuring the success of changes is essentially a blending of the previous points. At one time, you used FCR to identify opportunities and predict the benefits. Now, measure your new FCR. Compare the current results to the original performance levels and to the predicted performance. Did you make it? Maybe FCR did not improve as much as you had hoped, but did AHT improve?

In conclusion, FCR is one of the most valuable and versatile metrics available to support managers. Add it to your key performance metrics and use it to drive improvement.

About the Author...

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