



WHITE PAPER

The Five Fundamentals of a Successful FCR Program

April 2012

Executive Summary

Industry analysts agree that First Contact Resolution (FCR) is the best way to measure the effectiveness of your contact center. Improving your FCR can reduce costs and increase customer satisfaction, which in turn boosts customer retention and upsell opportunities.

At the same time, a successful FCR program goes beyond the metric. Refocusing your efforts on resolving customer issues in one call will likely cause a fundamental shift in the way managers and agents approach their jobs. Working toward a high FCR encourages you to streamline internal processes, provide better support for agents, and adjust your goals and incentives to balance cost, quality and sales.

This paper details:

- Why FCR is important and the benefits to be gained
- The five fundamentals that support thriving FCR programs
- How technology can support your efforts.

Why Focus on FCR?

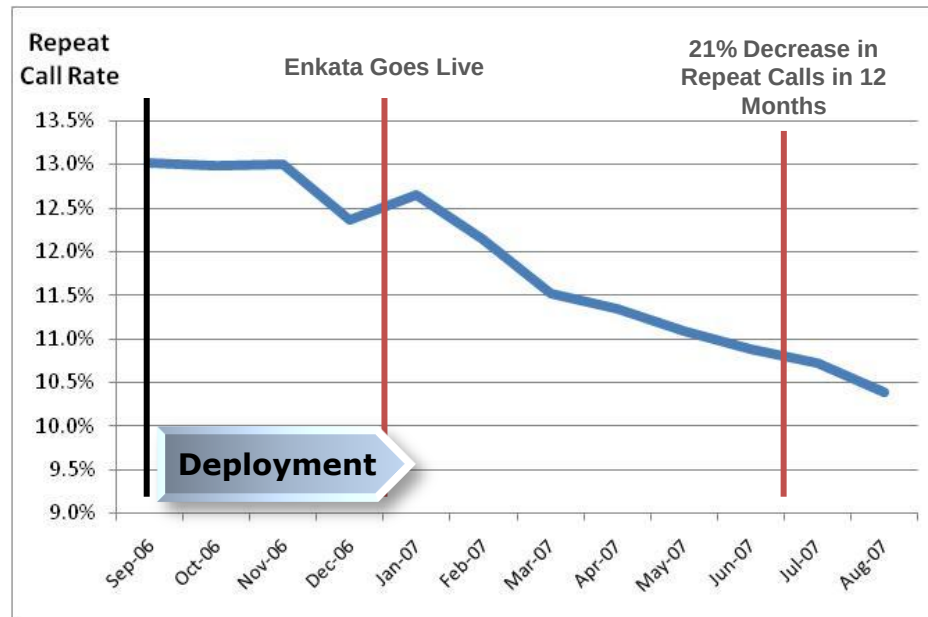
Simply put, FCR is the best way to measure the overall performance of your contact center. It tells you how well your service organization handles customer requests the first time. Experts agree that it's the only true metric that delivers a clear measurement of organizational effectiveness and customer satisfaction. When companies improve their FCR, they also lower their costs, improve their customer and agent retention, and increase their revenue.

Given the importance of FCR and the benefits it brings, one would expect that all contact centers would have an operational FCR metric that tracks every single call. However, only 40 percent of contact centers are measuring FCR at all, and less than 20 percent are measuring FCR for all of their calls, according to a recent study by the International Customer Management Institute.

At Enkata, we believe First Contact Resolution is more than just a metric. We look at FCR as a program, a philosophy, a management system designed to improve service delivery.

Most companies don't start FCR programs to change their management style. They're looking to cut costs—and they do. That's a high priority for most call centers, especially in today's economy. By improving FCR, you can reduce callbacks and lower your total call volume. With the average cost per call at around five dollars, each call avoided is five dollars saved. For a call center that handles tens of millions of calls in a year, a 25 percent reduction in repeat calls translates to millions of dollars in savings every year.

Financial Services Company Eliminated Repeat Calls, Improved CSAT, and Saved Millions



Results

CSAT scores up by 30%

\$20M in lower call volume from repeats

\$10M in AHT savings:
Eliminated 2 seconds of AHT per call using Call Reasons

Analytics drive coaching topics and training curriculum

In the process of refocusing the organization on measuring and improving FCR, however, most companies find that they must rethink the way managers and agents approach their jobs at a very basic level.

Unlike improvement programs that aim to reduce Average Handle Time (AHT) at the expense of quality, FCR encourages streamlining internal processes, and providing better feedback and

support for agents so they can deliver the best service possible. Companies discover they must shift priorities and incentives away from only reducing costs, and towards a balance of cost, quality and sales.

With the offshoring and workforce reduction trends today, focusing on FCR represents a golden opportunity for contact centers. Companies are taking a more unified view of interactions with their customers, seeing possibilities where they used to see only wasted dollars. An FCR program is your first step in transitioning from a cost center into a competitive advantage for your company.

The Five Fundamentals for a Successful FCR Program

For your FCR program to work, you need to start with these fundamentals:

- Know why customers are calling.
- Identify repeat calls accurately.
- Drive performance data to your front-line employees.
- Improve agent performance through actionable insights and targeted coaching.
- Track the impact of your efforts.

1. Know why customers are calling.

Identifying repeat calls is one key to an accurate FCR measurement. But, without knowing why your customers are calling—and not just some of them, all of them —your FCR measurement will be inaccurate.

If you don't know your call reasons now, you're not alone. Most companies don't. Categorizing calls has historically been difficult and expensive. Tasking agents with tagging their own calls yields inaccurate incomplete data and costs you 2-4 seconds per call. Relying on post-contact surveys, quality assurance logging, and speech analytics gives you an unreliable sketch based on a random sample of calls. And relying on keywords can cause you to miss the big picture issues. (See Compare FCR Measurement Methods, below.)

To complicate matters, you need a consistent method for assessing contact reasons across Web channels, IVR and agent-handled calls to truly determine the repeats.

The best way to determine call reasons is to analyze every call you receive, and the only affordable and consistent way to do it is through an automated system based on your agents' activities. The key is to use analytical algorithms that replace both manual call dispositioning and repeat call determination performed by quality monitoring (QM) managers. (See Compare FCR Measurement Methods, below.)

Call Reason Assessment Criteria	Desktop Analytics (algorithm)	Agent Tagging	Speech Analytics	Customer Surveys
Assigned to 100% of contacts	100%	Varies	100% (but topics)	<10%
Accuracy / Reliability of Results	90%+ Accuracy (Systematic)	Inaccurate	Accurate (Subjective)	Accurate (Subjective)
Input for Operational FCR Calculation	Yes	No	No	No
Available for all channels	Yes	No (Call only)	No (Call only)	Yes

Only an “Analytics Derived” Approach Delivers Contact Reasons with Operational Value

Although no analytics algorithm is 100 percent accurate, the automated approach has proven to be as accurate as, or better than, a person's judgment—and fully predictable. The main benefit is categorization all calls, not just a sample.

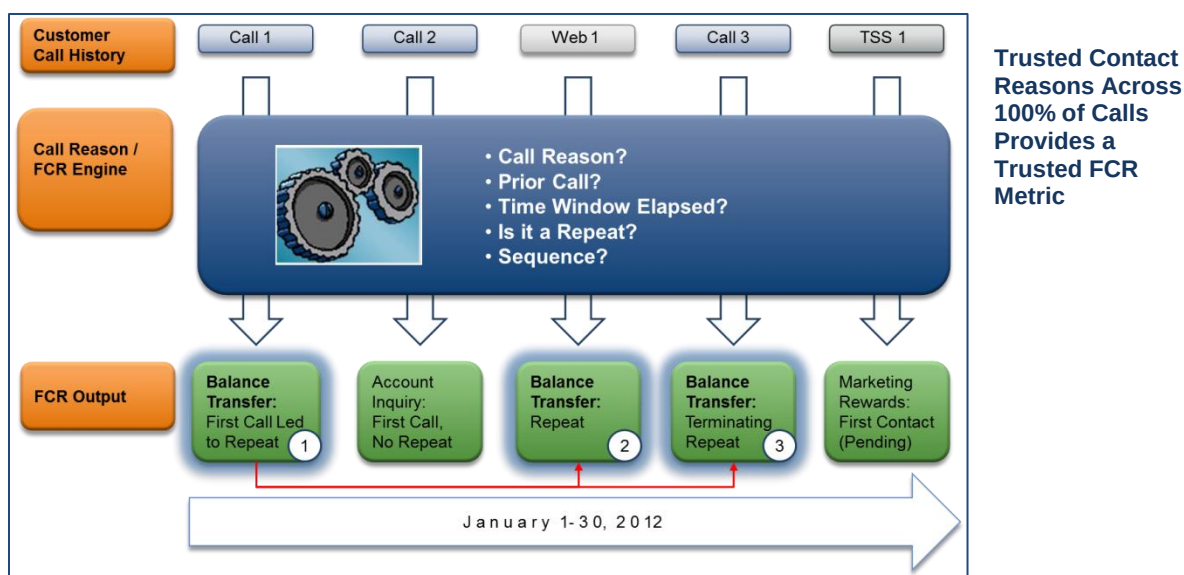
Managers can then use the complete data that analytics provide to take corrective action.

2. Identify repeat calls accurately.

Measuring FCR accurately is not an easy task. It's a simple formula: "original calls without a repeat" divided by all "original calls." The challenge lies in distinguishing a repeat call from an "original call," and knowing whether the customer called back for the same reason.

The analytics capabilities to create an operational FCR metric have only been available to companies for the last couple of years. Those companies that have applied operational FCR measurements at the agent level are gaining a strategic competitive advantage in their customer operations. The new analytics really work.

The best way to calculate your FCR at the agent level is to use a sequence detection algorithm that analyzes 100 percent of your calls, automatically gathering the right data directly from the agent desktop. FCR algorithms use three main conditions to assess FCR for each call: if it was the same caller, if it was for the same reason, and if it occurred within a preset callback time window.



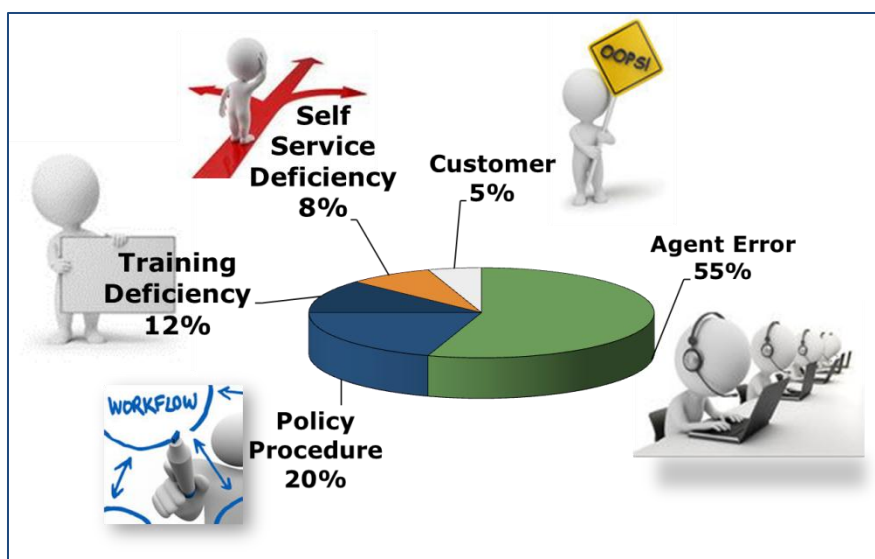
When building your FCR program, your algorithm should be able to:

- Distinguish between a callback and a transfer
- Distinguish between a call dropped in transfer and a repeat call
- Distinguish between a callback about an old reason or a new one
- Identify when callbacks happen, even when customers deny they called before
- Identify which agent's error lead to the repeat call
- Sequence detection is a key component of this ability. FCR algorithms can sequence customer contact events, linking the first call to the second and so on to determine repeats. You should also be able to track the agents handling each call to assign accountability for causing the repeat call.

3. Drive performance data to your front-line employees.

Once you're confident that you're identifying call reasons and measuring FCR accurately, the next step in reducing repeat calls is putting all that information to work.

According to a recent study of repeat call reasons across various industries, 55 percent of all repeat calls are the result of agent errors. If an agent doesn't give a confident answer, doesn't set the proper expectations doesn't follow through on a commitment or simply gives a wrong answer, you can bet that the customer will call back. Not only does it keep your costs high, it also decreases customer loyalty and increases churn.



Reasons for Repeat Calls – Majority of Repeat Calls Caused by Agent Factors

It's important to find a performance management system built specifically for contact centers, one that provides an individual agent-level FCR metric that is meaningful, accurate, and based on 100 percent of calls.

By providing supervisors with easy-to-understand and granular data, you empower them to identify which agents are top performers, which need coaching, what the areas of opportunity are, and where the highest leverage coaching point is. Additionally, you give agents the ability to track their own progress, self-correct and compare their performance to peers.

The system you choose should deliver this information via scorecards and dashboards that provide supervisors and agents with up-to-date, detailed views of performance and data trends over time. This helps supervisors quickly pinpoint the problems plaguing each agent, and the calls types creating these problems. It also allows both the supervisor and the agent to see when real and sustainable improvement has been achieved.

4. Improve agent performance through actionable insights and targeted coaching.

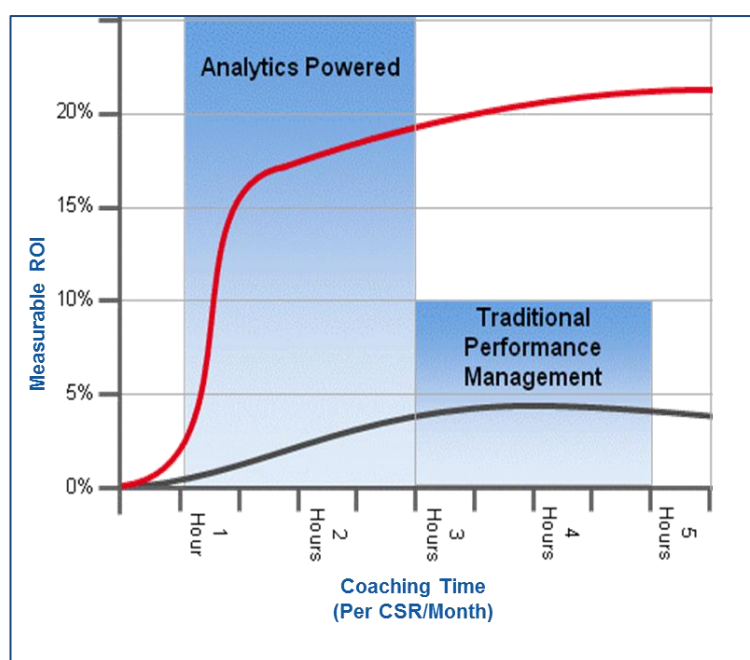
The most effective way to improve agent performance is to be able to coach them on fact-based findings. Not only will the agent's skepticism disappear, but the agent will also have concrete

The Five Fundamentals for a Successful FCR Program

examples of their mistakes to learn from. Personalized attention, along with reference to actual calls, is proven to increase agents' learning curve and improve their performance. As a result of targeted coaching, overall efficiency goes up (along with customer satisfaction), and agent attrition goes down.

Best practices demonstrate that contact center supervisors should spend at least 70 percent of their time coaching. In reality, however, most spend less than 20 percent. A major reason is that it currently takes so much time to sort through and make sense of large amounts of data, listen to calls, identify which topics agents need coaching on, and prepare individual coaching plans. Performance management systems can sift through and present all the call and performance data for the supervisor, and guide them to solutions. This automation frees up supervisors to spend more time with agents.

Getting Better Coaching Results is all About Being Effective



Analytics Drives Predictable Results in Less Time

Coach and train the right agents on the right topics

Spend more time coaching than prepping

Identify and include specific call examples

Create a culture of self-correction

Your system should highlight agents who need coaching on a specific subject, rank agents against their peers to identify high and low performers, provide specific coachable call examples and set meaningful targets and timelines for improvement. Adding flexible workflow, schedules and reminders makes sure no agent falls through the cracks. All of these features help supervisors focus on their agents on an individual level without having to spend hours piecing together data from various systems.

5. Track the impact of your efforts.

By identifying and collecting the right data, you can begin to measure and improve FCR. Track that data overtime, and you'll see the results of your efforts.

You have seen how you can use FCR performance data for individual coaching. You can also use it to uncover things that coaching alone can't fix, such as policy or training problems. For this reason,

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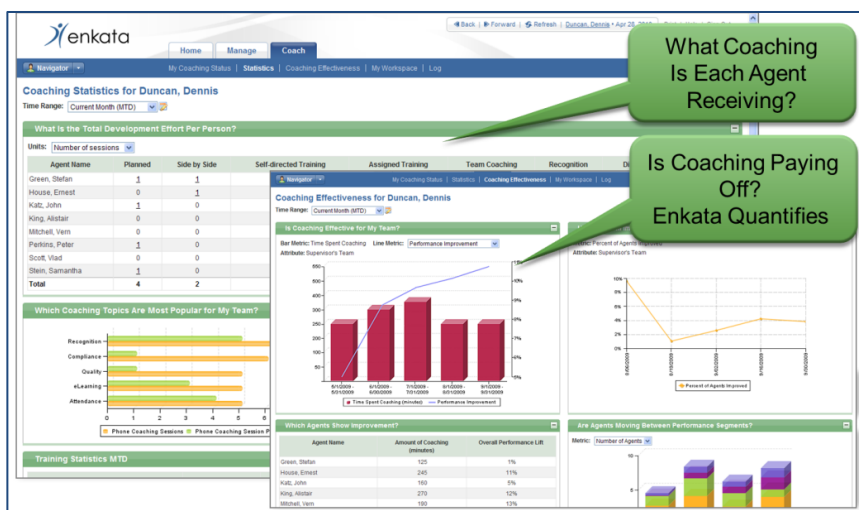
it's vital to choose an analytics solution that provides easy-to-understand reports. Adding a layer of smart business logic can transform raw numbers into meaningful insight.

Monitor aggregate data for high-level trends, and you'll find opportunities. For example, let's say you have a team of ten agents who've taken specialized training to handle billing questions. If you're looking at individual statistics, you might find that Joe, Sarah and Chris are each causing higher-than-average repeat calls.

Different supervisors might use this data to address the problem in individual coaching sessions. If you're tracking at a macro level, however, you might find that every agent who took the specialized billing training is also causing increased repeat calls. You could save time and trouble by addressing the problem at a group level with those ten agents, and adjusting the training to reflect your learning.

When rolling out your FCR program, it's important to remember that the only constant in business is change.

As soon as you find and fix one problem, another will appear as a result of market conditions, news, a new product or new technology. Using a customer-centric FCR approach and monitoring your ongoing performance helps you keep up with change. It helps you discover trends early so you can push information out to your agents before any performance issues arise. It helps ensure your program will continue to succeed.



Enkata's FCR solution is a closed-loop approach for continuous improvement. Identifying outliers for coaching and skills development and tracking performance improvements.

Further, once you have visibility into your customer experience using analytics, you can communicate your findings to your entire organization, and enable continuous improvement at every level.

Using the Right Technology to Measure FCR

You'll find a lot of different solutions on the market today that claim to measure FCR accurately. We've provided a quick run-down of how they compare.

Speech Analytics

When defining repeat calls, Speech Analytics tools search for key words such as "I called the other day," or "I called before." Unless the customer states the critical key words, the analytics will not identify a repeat. It's a hit-and-miss technology.

It's true that speech analytics products can analyze all calls. However, the price of the equipment required to do it is extremely costly and therefore unlikely to provide a solid ROI.

It also provides results that aren't always actionable. Consider that most companies record between 10-30 percent of calls, and store them for only 30-45 days. Tying a repeat call back to the agent who handled the first call, and needs the coaching, is often impossible.

End of Call Questions

End-of-call questions don't always represent the true issue resolution rate. In many cases, the customer will think that the issue was resolved at the time the call ended, but will later realize that it wasn't. Or the customer may not answer truthfully in order to get off the phone quickly or avoid hurting the agent's feelings.

Post-Call Surveys

For post-call surveys, only a small portion of calls are surveyed (5 percent on average), only a portion of those surveyed respond (20 percent on average), and only a portion of them respond truthfully, meaning post-call surveys cover so few calls that they provide unreliable results.

Just like end-of-call questions, the customer may believe the issue was resolved at the time the survey, only to discover later that it wasn't. Moreover, customers are likely to respond to the survey only if they've had either a very good experience or a very bad one. There are many calls "in the middle" that aren't tracked, therefore skewing your results.

Quality Monitoring

Quality monitoring is similarly limited due to the small volume of calls it covers. It's such a labor-intensive solution to the repeat call problem that many quality-monitoring programs provide results at the team or site level—instead of the individual agent level, where you can best address the root causes of repeat calls.

Algorithm-Based Performance Management

The solutions we've listed above can measure FCR to a limited degree, but they don't provide a path for identifying and eliminating repeat call drivers agent by agent.

As discussed earlier in this paper, only a systematic, algorithm-based approach can:

- **Tag every call as a repeat or not.** This is critical. Gaps in your data won't allow for actionable coaching.
- **Track calls at the agent and call reason level.** Assigning a reason to every call helps identify repeats and determine which agents are struggling and in which areas.
- **Sequence the call events to determine the end-to-end customer experience.** Linking the first call to the second (and so on) at the agent level shows you the customer's experience and helps you find the cause of the problem.

Analytics-powered performance management with a powerful sequence detection algorithm is the only way to accurately and comprehensively identify repeat calls. Without it, your results can be misleading and useless in terms of using improving agent performance.

Additionally, an algorithm can provide a consistent method for assessing contact reasons across Web channels, IVR and agent-handled calls to truly determine repeat contacts.

FCR: More than Just a Metric

FCR is a key performance indicator for contact center. It's difficult to measure accurately, but not impossible.

Thanks to recent advances in analytics capabilities, a precise operational FCR metric is now available at the very granular agent and call reason level. Those companies that are measuring and working to improve their

FCR are quickly gaining a strategic competitive advantage.

FCR is more than just a metric, however. Reducing repeat calls requires a fundamental shift in the way managers and agents approach their jobs. A successful FCR program should also incorporate streamlining internal processes, providing front-line employees with better visibility into their performance, and empowering supervisors to coach individual agents in delivering the best service possible.

When planning your program, you'll find a lot of different methods that claim to measure FCR accurately.

Keep in mind that Enkata's analytics-powered performance management, with a powerful sequence detection algorithm, is the only proven way to accurately measure and improve FCR.

About Enkata

Enkata helps contact centers maximize the value of every customer interaction, deliver better service, control costs, and generate revenue. For customer operations transitioning into strategic profit centers, our performance management software leads the market.

Enkata's unique on-demand delivery model allows for faster implementation and results. Our analytics-driven applications combine best practice metrics, personalized dashboards, "next action" direction and integrated workflow that improve the balanced achievement of sales, customer experience and cost objectives every minute, every day.



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