MetricNet®

Metric of the Month: First Contact Resolution

By Jeff Rumburg

Every month, the Industry Insider will highlight one key performance indicator (KPI) for the service desk or desktop support. We will define the KPI, provide recent benchmarking data for the metric, and discuss key correlations and cause/effect relationships. The purpose of this column is to familiarize you with the KPIs that really matter to the support organization, and to provide actionable insight on how to leverage these KPIs to improve your performance. First up: first contact resolution.

First Contact Resolution Rate

Customers tend to be impatient when they want service. It doesn't matter if they are calling their bank, their cable company, or their service desk. They want a resolution to their problem or an answer to their question, right then and there! Research across many different industries bears this out. Customer satisfaction—for virtually any type of customer service—strongly correlates with first contact resolution.

For a service desk, first contact resolution (FCR) is the percent of contacts that are resolved by the service desk on the first interaction with the customer. For live calls or web chats, this means that the customer's issue is resolved before they hang up the phone or end the chat session. Calls or chats that require a customer callback, or are escalated to another source of support, do not qualify for first contact resolution. For e-mails, which now account for a significant percentage of all service desk contacts, the *de facto* standard emerging in the industry is that resolution within one business hour of receiving a customer e-mail counts as FCR.

FCR is typically measured in one of two ways: (1) the service desk agent checks a box on the trouble ticket at the conclusion of the call or chat session to indicate that the call was successfully concluded on the initial contact, or (2) customers are asked in follow-up customer satisfaction surveys whether their calls were resolved and concluded on the initial contact with the service desk. The first method requires periodic audits to ensure that agents are accurately reporting FCR on the tickets they handle. This is done by reviewing a representative sample of tickets each month to determine whether the tickets designated FCR by an agent are, in fact, being resolved on the first contact with the customer. Neither method of measuring FCR is perfect, but it is one of the most important KPIs to track and trend. Here's why…

Why It's Important

A high FCR is almost always associated with high levels of customer satisfaction. FCR is a measure of how effectively your service desk conducts its business, and is a function of many factors, including the complexity and types of transactions handled, the experience of your agents, the quality of agent training, and the tools that are available to your agents (e.g., knowledge management, remote diagnostics, etc.).

The graph below shows the relationship between FCR and customer satisfaction for a representative cross-section of service desks worldwide. This strong cause-and-effect relationship should come as no surprise. As stated above, we all want closure on the first contact with our service providers.
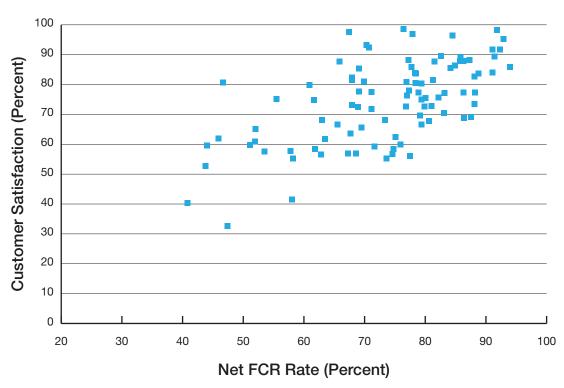

Figure 1: Net FCR vs. Customer Satisfaction

Net vs. Gross FCR

Certain types of contacts cannot be resolved remotely by the service desk. These include hardware break/fix and physical move/add/change requests. So do these contacts count against a service desk when calculating FCR? Well, yes and no. Let me explain.

Gross FCR looks at all incoming contacts and makes no adjustment for contacts that cannot be resolved by the level one service desk. The formula for gross FCR is:

Gross FCR = Number of contacts resolved initially ÷ All incoming contacts

By contrast, **net FCR** makes adjustments for contacts that cannot be resolved remotely at the service desk. Specifically, the calculation for net FCR carves out those contacts that cannot be resolved at level one. The formula for net FCR is:

Net FCR = Number of contacts resolved initially ÷
(All incoming contacts – Contacts that cannot be resolved at level one)

In other words, the denominator of the net FCR ratio is adjusted to include only contacts that can potentially be resolved at level one. These adjustments are sometimes called *carve outs*.

Net FCR is by far the more relevant of the two FCR metrics. In fact, most organizations don't even track gross FCR because it produces a distorted picture of the service desk and is often misinterpreted.

Key Drivers of FCR

As shown above, FCR is a key driver—in fact, the most important driver—of customer satisfaction. But what drives FCR? If a service desk wants to improve FCR, how would they go about it? The biggest driver of FCR is agent training hours. The graphs on the following page show the relationships between new agent training hours, annual agent training hours, and net FCR. The clear implication is that agent training pays off in terms of improved FCR, and that, in turn, yields improvements in customer satisfaction.

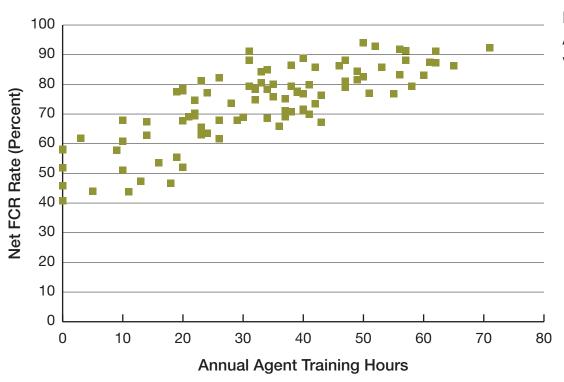**Figure 2: New Agent Training Hours vs. Net FCR**

Figure 3: Annual Agent Training Hours vs. Net FCR

Benchmark Ranges for FCR

According to MetricNet's benchmarking database, the average net FCR for service desks worldwide is about 74 percent. This number varies widely, however, from a low of about 41 percent to a high of 94 percent. Those at the low end of this range are predominantly "log-and-dispatch" service desks that can resolve simple issues (e.g., password resets), but dispatch anything more complex to another level of support. Those performing at the upper end of this range generally have highly trained agents that are equipped with tools like knowledge management systems and remote diagnostic capabilities, which enable agents to resolve more than 90 percent of eligible contacts on the first interaction with the customer.

Please join us for next month's Metric of the Month column where we will look at a desktop support metric that impacts total cost of ownership and provides valuable insight into the overall effectiveness of the user support organization: **percent resolved level one capable**.

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