

Metric of the Month

First Contact Resolution Rate

By Jeff Rumburg

Managing Partner at:



Every month MetricNet highlights one Key Performance Indicator for the Service Desk, Call Center, or Desktop Support. We define the KPI, provide recent benchmarking data for the metric, and discuss key correlations and cause/effect relationships for the metric. The purpose of the column is to familiarize you with the Key Performance Indicators that really matter to your organization, and to provide actionable insight on how to leverage these KPI's to improve your performance.

This Month's Metric: 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! In fact, research across many different industries bears this out. Customer satisfaction – for virtually any type of customer service – is strongly correlated with First Contact Resolution.

For a service desk, First Contact Resolution (FCR) is the percentage 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 emails, 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 email 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 if the call was successfully concluded on the initial contact, or 2) customers are asked in follow-up customer satisfaction surveys whether their call was 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 if 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 KPI's to track and trend. Here's why...

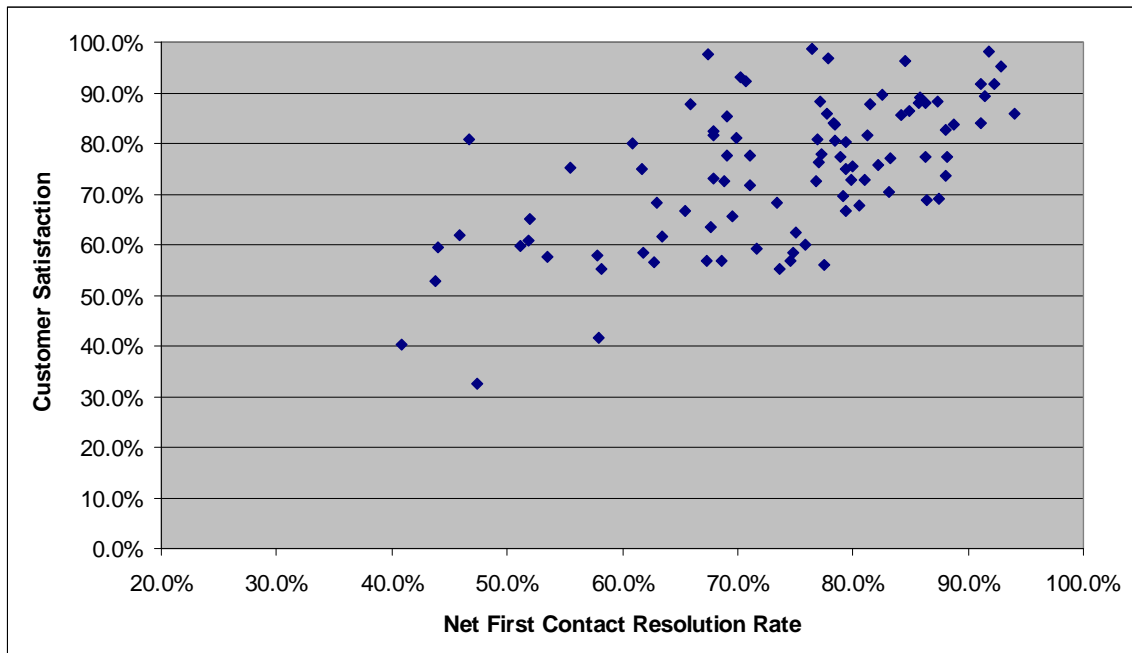
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Why it's Important

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 tools such as knowledge management and remote diagnostics that are available to your agents.

Figure 1 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



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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 1 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 1. The formula for Net FCR is:

Net FCR = (Number of contacts resolved initially ÷ (All incoming contacts – contacts that cannot be resolved at level 1))

In other words, the denominator of the Net FCR ratio is adjusted to include only contacts that can *potentially* be resolved at level 1. These adjustments are sometimes called carve outs.

Net FCR is by far the more relevant of the two FCR metrics. In fact, most organizations do not 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. Figures 2 and 3 below show the relationship between New Agent Training Hours, Annual Agent Training Hours, and Net First Contact Resolution Rate. The clear implication is that agent training pays off in terms of improved FCR, and that, in turn, yields improvements in Customer Satisfaction.

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Figure 2: New Agent Training Hours vs. Net FCR

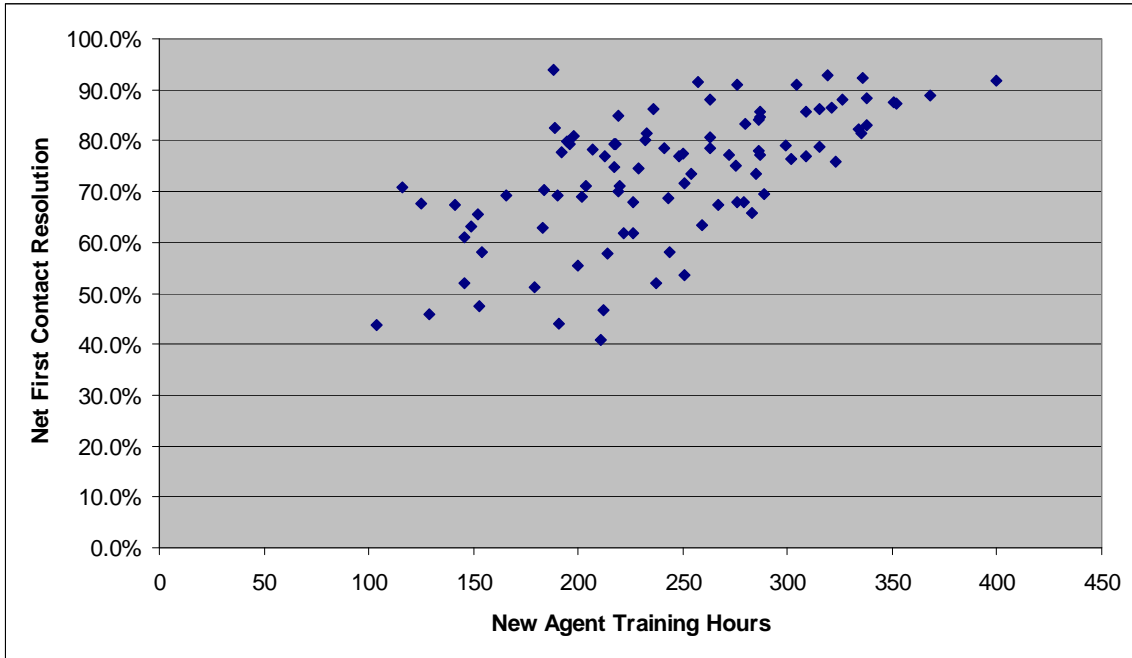
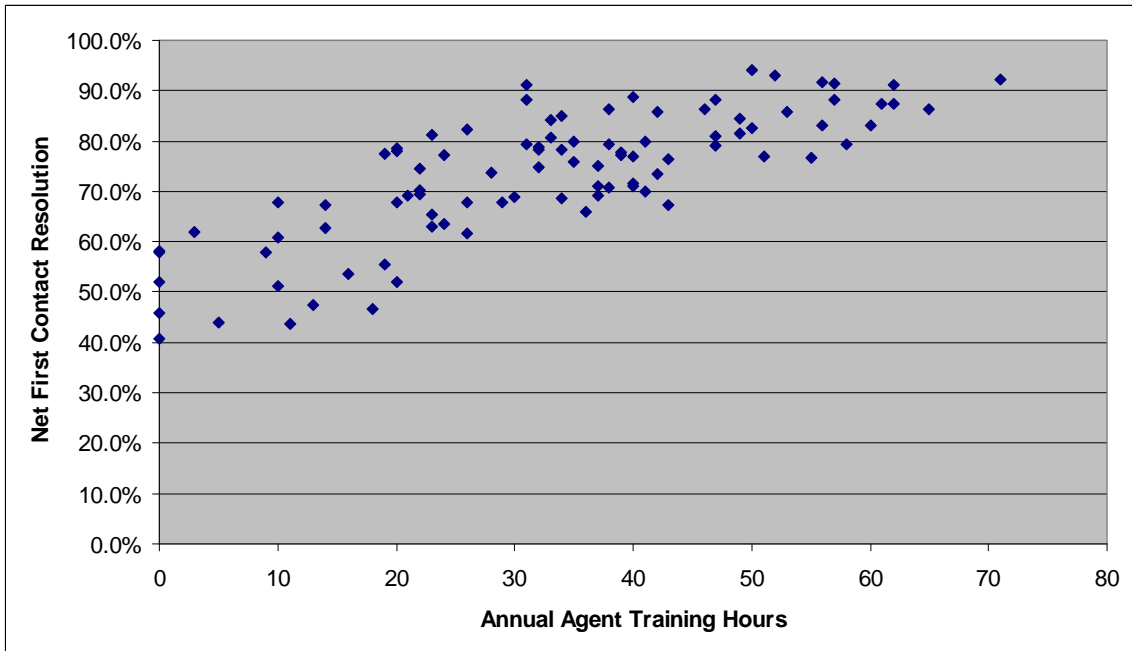


Figure 3: Annual Agent Training Hours vs. Net FCR



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Benchmark Ranges for FCR

MetricNet's benchmarking database shows that the average Net FCR for service desks worldwide is about 74%. This number varies widely, however, from a low of about 41%, to a high of 94%. Those at the low end of this range are predominantly "log-and-dispatch" service desks that resolve simple issues such as 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 such as knowledge management systems and remote diagnostic capabilities that enable agents to resolve more than 90% of eligible contacts on the first interaction with the customer.

Please join us for next month's *Metric of the Month: % Resolved Level 1 Capable*, a Desktop Support metric that impacts Total Cost of Ownership, and provides valuable insight into the overall effectiveness of the user support organization.

About the Author

Jeff Rumburg is a co-founder and Managing Partner at MetricNet, LLC. Jeff is responsible for global strategy, product development, and financial operations for the company. As a leading expert in benchmarking and re-engineering, Mr. Rumburg authored a best selling book on benchmarking, and has been retained as a benchmarking expert by such well-known companies as American Express, GM, Hewlett-Packard, and Bayer. Prior to co-founding MetricNet, Mr. Rumburg was president and founder of The Verity Group, an international management consulting firm specializing in IT benchmarking. While at Verity, Mr. Rumburg launched a number of syndicated benchmarking services that provided low cost benchmarks to more than 1,000 corporations worldwide.

Mr. Rumburg has also held a number of senior management positions at META Group, and Gartner, Inc. As a vice president at Gartner, Mr. Rumburg led a project team that reengineered Gartner's global benchmarking product suite. And as vice president at META Group, Mr. Rumburg's career was focused on business and product development for IT benchmarking.

Mr. Rumburg's education includes an M.B.A. from the Harvard Business School, an M.S. magna cum laude in Operations Research from Stanford University, and a B.S. magna cum laude in Mechanical Engineering. He is author of *A Hands-On Guide to Competitive Benchmarking: The Path to Continuous Quality and Productivity Improvement*, and has taught graduate-level engineering and business courses. Mr. Rumburg currently serves on the Strategic Advisory Board for HDI, formerly the Help Desk Institute.

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About MetricNet

MetricNet is the leading source of on-line benchmarks, scorecards, and performance metrics for corporate managers worldwide. MetricNet benchmarks encompass virtually every industry and government sector, and address all major business areas including Information Technology, customer service, and technical support.

Our mission is to provide our clients with the benchmarks they need to run their businesses more effectively. MetricNet is committed to making the benchmarking process quick and easy for its customers. We have pioneered a number of innovative techniques to ensure that our clients receive fast, accurate benchmarks, with a minimum of time and effort.

MetricNet offers a number of competitive differentiators vs. other industry consulting firms. These include:

- **Credibility and Experience** – The principals of MetricNet have collectively completed more than 1,400 benchmarks since 1988. Each of them has extensively researched, written, and published on the topic of Service Desk Best Practices. Prior to joining MetricNet, the founders of the company held senior management positions at a number of companies including Gartner, META Group, MicroStrategy, the Stanford Research Institute, and the Verity Group.
- **Benchmarking Database** – MetricNet's Service Desk Benchmarking database is the most comprehensive in the industry. The database contains information on more than 30 Key Performance Indicators (KPI's), salary data for key service desk positions, technology profiles, and more than 70 best practices from hundreds of service desks worldwide.
- **Methodology Expertise** – Through decades of Service Desk consulting experience, MetricNet has perfected its methodology for Service Desk Benchmarking. MetricNet's approach to peer group selection, data normalization, gap analysis, and action planning yields consistently positive results for its service desk clients. One of MetricNet's co-founders, Jeff Rumburg, authored the first ever book on benchmarking in 1989, and MetricNet has authored and published numerous articles on the topic of Service Desk Benchmarking.
- **Objectivity** -- MetricNet's recommendations are independent and unbiased. We have no relationships with hardware manufacturers, software vendors or systems integrators, and we do not perform downstream hardware or software

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implementation work. As a result, our clients receive objective recommendations that are free from any vendor bias.

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