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## The Perfect Storm: When C-SAT Goals and Efficiency Targets Collide

By Dave Brown, Support Center University

When two powerful but opposing forces converge, you can expect the conflict to be significant. That's the pressure most support managers experience when attempting to achieve world-class customer satisfaction (C-SAT) scores while driving expenses down. Wouldn't it be easy if we had unlimited headcount and no budget constraints? Most of the things that we traditionally think of as driving up customer satisfaction—such as shorter hold times and quicker case resolution—are costly. On the surface, at least, it seems that “more headcount” is required to provide better service levels, right? Put more people on the phones or answering the e-mails, and we can shorten the response time. Reduce the caseload per engineer and allow them more time to work on each issue, and they will turn them around quicker. It's simple—but expensive!

Most support managers are expected to maintain or improve C-SAT scores while becoming increasingly efficient. Execs want to see expense ratios decline. After all, shouldn't we get some economy of scale? In other words, “Do more with less.” This may appear to be a no-win situation, but there actually is a way to achieve both goals. There *is* a common denominator that can be leveraged to simultaneously drive customer satisfaction up while driving operating expenses down.

First, let's talk about the primary drivers of customer satisfaction. Sure, there are a lot of things that have an effect on C-SAT, and most support centers measure these factors in their surveys. This includes the agent's professionalism, technical knowledge, and so on. But the three key drivers—those that have the largest overall impact—are response time, resolve time, and status updates.

Response time is defined as “the time it takes for a customer to get through to a qualified person (someone that is going to attempt to resolve the issue).” Resolve time is “the time it takes for a customer to get the issue resolved to their satisfaction.” The third item, status updates, means keeping customers informed of progress on their open (unresolved) issues. These are the top three priorities (in that order), and everything else is secondary.

For most companies, resolve time is the number one opportunity to improve customer satisfaction. I say that because most companies recognize that service level is critical, and therefore they do a reasonable job in that area. By the way, if that's not true at your company—fix that first (before you tackle resolution). The third item, status updates, only comes into play when you don't resolve on the initial contact—and you really want to minimize these situations. Therefore, resolve time is usually the area with the most potential for improvement.

I'll this that a step further. According to TSIA research, case resolution is the lowest rated factor in industry satisfaction surveys (see *Figure 1*). Isn't it interesting that customers would rate the agent service skills and technical knowledge higher?

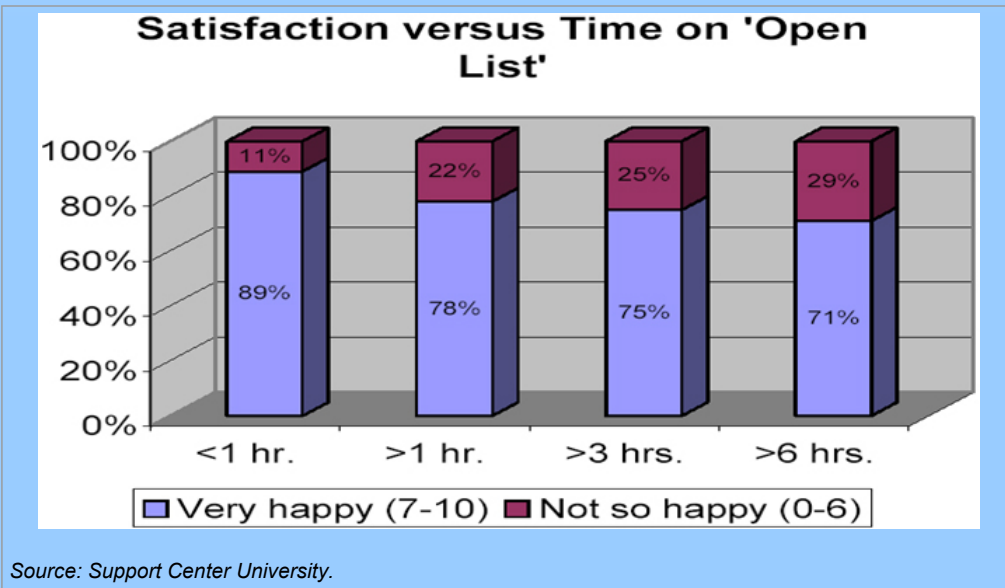
*Figure 1: Industry Customer Satisfaction*



So, case resolution is the second most important factor to customers, but it is the lowest rated in satisfaction surveys? It's true—and that means there is a lot of room for improvement, and that improvement is going to have a powerful impact on customer satisfaction scores.

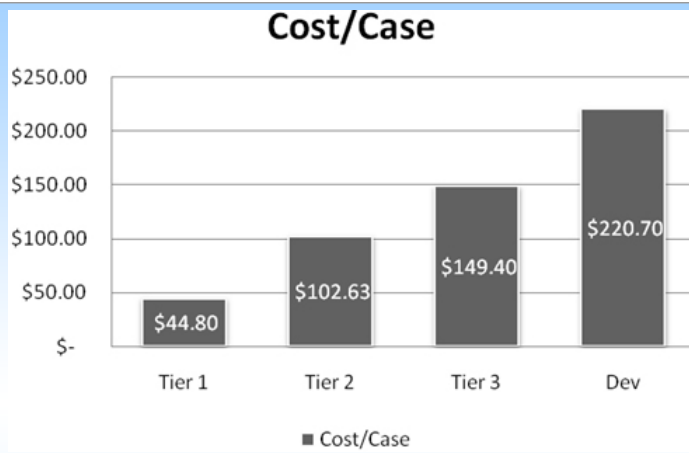
In a research study we performed at Support Center University, we found that customers who have their issue resolved during the initial call (first-contact resolution, or FCR) or with very quick follow-up (one hour or less) had essentially the same level of satisfaction. However, customers who had to wait more than one hour from the initial conversation were twice as likely to give a low customer satisfaction score. And if the time to resolution was greater than six hours, the likelihood of low customer satisfaction was almost triple. (See Figure 2.) Clearly, there is a strong correlation between time to resolution and customer satisfaction.

Figure 2: Resolution Time vs. C-SAT



Now let's look at the other side of the equation: efficiency gains and cost reduction. Reducing time to resolution and increasing first-contact resolution are also the quickest paths to cost reduction. This should be obvious to any support manager. I doubt I need to prove that it is cheaper to resolve a case in a single call than in two calls. It is more efficient to handle the call at Level One than to escalate to Level Two or beyond. So, FCR is a key driver of operational efficiencies. (See Figure 3.)

Figure 3: Cost of Resolution



Source: TSIA.

So, if efficiency is doing something very well and effectiveness is doing the “right thing” well, then FCR is the key to operational effectiveness. Improving FCR has the potential to drive C-SAT up while simultaneously driving costs down.

#### Is Any FCR Improvement Good?

Despite everything I’ve just said, just increasing FCR is not necessarily good. What is the cost associated with the increased FCR? For example, is increasing FCR by 10 percent while increasing average handle time (AHT) by 10 percent good? Improving FCR will certainly drive C-SAT up. But if the cost goes up, is it worth it? What is the ROI? That’s the trade-off that must be calculated, and it can be quite complex. Even if the cost is determined to be reasonable (the ROI is acceptable), in a world where you can’t increase expenses no matter what (you’re supposed to be driving them down), is that even an option?

Back to my opening point: You can always improve services and customer satisfaction by investing more. Our challenge is to do so while reducing expenses. The answer lies in *how* we achieve the FCR improvement, and the key is to measure average handle time along with first-contact resolution.

#### Improving FCR the Right Way

Improving FCR begins with a fundamental understanding of the difference between current successes (FCR) vs. the non-successes (cases not resolved on FCR and requiring follow-up action). This typically requires an in-depth study of closed cases and then the creation of a gap analysis of the factors that are present or absent in the various cases. This usually results in an understanding of which factors, when present, increase the likelihood of FCR.

This understanding typically leads to conclusions, or at least a hypothesis, regarding what change(s) would increase FCR. While there are many possibilities, the most common opportunities include skills-based routing (SBR), knowledge management, and desktop collaboration (or screen sharing). Each of these has the potential to dramatically improve first-contact resolution. What’s more, they are not mutually exclusive and, in fact, are complementary. Most organizations can benefit to some degree by any of the three methods, and combining them can provide compounded benefits. However, the result of your analysis should identify which will provide the greatest improvement, and you should target that as first priority.

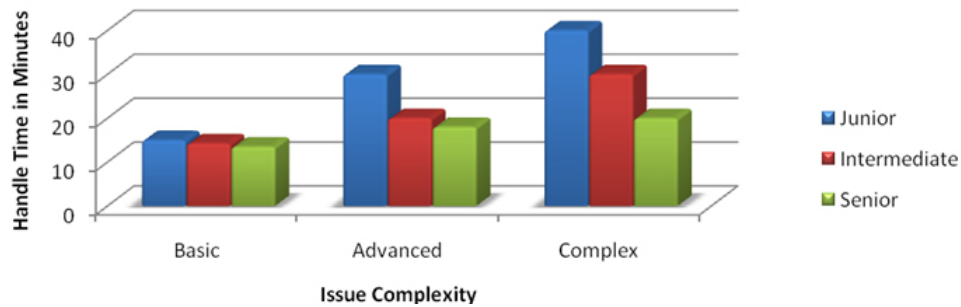
I’ll use an SBR example to make my point. I’ve found that most companies can substantially increase their FCR by improved case routing (calls and e-mails). Let’s assume we’ve determined that we can improve FCR by 10 percent through a better call routing design. Clearly this will result in more satisfied customers. In theory, 10 percent more customers are likely to give you the higher C-SAT ratings that go with FCR. Obviously this also results in fewer calls that require follow-up or escalation, so the workload is reduced. But don’t we need to calculate the cost associated with achieving that 10 percent improvement?

No. If we’ve done this correctly, the average handle time will also be reduced. All cost factors are being driven down while C-SAT is driven upward.

For example, *Figure 4* below demonstrates the small handle-time improvement when basic calls are handled by a senior agent rather than a junior agent (approximately 10 percent), vs. the huge increase in handle time when complex calls are handled by a junior rather than the more appropriate senior (50 to 70 percent increase).

*Figure 4: Agent Experience and AHT*

## Impact of Agent Experience on Handle Time

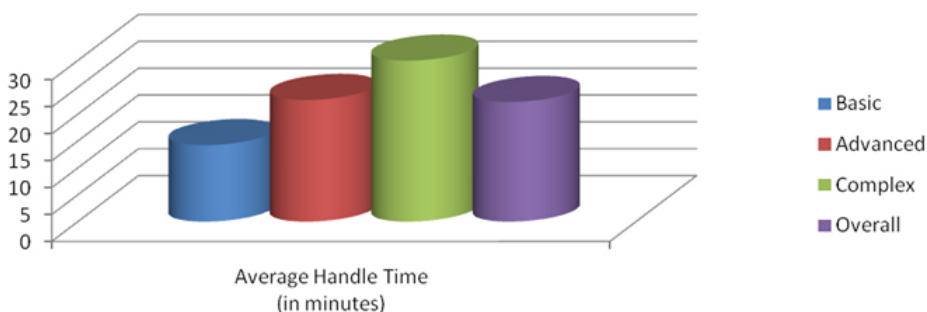


Source: Support Center University.

In our example, the overall average handle time would be approximately 22.26 minutes without skills-based routing (see Figure 5). (Note: This assumes calls are distributed equally among the three call types, and it assumes calls have an equal chance of being answered by the different levels of agent.)

Figure 5: Example of AHT in Non-SBR Environment

## AHT without Skills-based Routing



Source: Support Center University.

When I run another simulation using SBR, the improvement is significant. I left all of the other assumptions the same, but I used an 80 percent routing success. That means 80 percent of the calls/e-mails would be routed to an agent with the appropriate skills (a typical success rate). The new average handle time is 19.51 minutes, which is a 12.4 percent reduction. The point is that "getting the call to the best agent" (skills-based routing) not only improves FCR; it also can reduce AHT.

This is what can be achieved by solving the problem "the right way." My example demonstrates significant improvement in both FCR (10 percent) and AHT (12.4 percent), which equates to serious cost reductions. All of this while providing service improvements that will achieve better customer satisfaction. I want to emphasize that I used SBR to demonstrate the point, but several other improvement methods I've mentioned (e.g., desktop collaboration and knowledge management) have similar potential.

In conclusion, using one of these methods to improve your FCR will make customers happy (driving up your C-SAT) and will increase your operational efficiency (driving down your cost per case). You will not only weather the storm, but just may find yourself in smooth sailing.

### About the Author...

Dave Brown is a management consultant, teacher, and author and is considered an expert in the areas of process improvement, staffing models, and change management. He teaches management training programs for [Support Center University](#) and also consults with technology companies to establish world-class service operations. Don't miss Dave's presentation at [Technology Services World](#) on October 19, co-presented with TSIA's Bill Rose, on the topic of "[Building a Resolution Management Plan: Identifying the Key Barriers to Resolving Customer Issues](#)." Dave may be reached at [dave.brown@SupportCenterU.com](mailto:dave.brown@SupportCenterU.com).