

Reducing Support Costs with a “Shift-Left” Strategy: An Interview with Pete McGarahan

By Cinda Daly, Executive Director of Business Content

“Arise, ye service leader! The time is now!” proclaims Pete McGarahan, an industry thought leader and respected consultant for 25 years. It’s not a new concept that service leaders need to run their support organization like a business. Achieving that point, however, is challenging. With continuing pressures to drive down support costs, service leaders need to optimize the business model: determine what’s really important, then dive deep into the detail of structure, process, people, and tools. The process begins with knowing the underlying cost structure and creating an overall service and support strategy around it. Ask, “Why are we doing this?” “Does this strategy align with the business overall?” “Are we delivering the highest quality customer support at the lowest possible cost point?”

Pete and I discussed the underlying assumptions of his article, “First Contact Resolution: The Performance Driver!” which offers a fresh look at how to improve first level resolution and adopt a shift-left strategy. He concludes that by increasing the first contact/first level resolution percentage, support centers will indeed lower the cost per resolution. But, there is more to it than that.

Cinda Daly: First contact resolution (FCR) has been a key focus at the service desk for years, but you frame that metric in a new light with this shift-left strategy. Just what is shift-left?

Pete McGarahan: The shift-left strategy focuses on moving issue resolution to the lowest cost level in the service and support organization, with a focus on resolution at the front line or at the closest point to the customer (level 1 and level 0). When the customer calls your service desk, you must be sure that the front line staff is empowered, tooled, and knowledgeable enough to resolve that customer’s issue to their satisfaction within a reasonable amount of time, seven to eight minutes, on that first phone call.

Daly: Are support organizations struggling to improve FCR percentages, or is this an emerging new area of focus to create a leaner organization?

McGarahan: A little bit of both, actually! First call resolution is important, primarily, because it is linked to increasing customer satisfaction and, secondarily, because it lowers the total cost of support by avoiding a costly and time-consuming escalation. Given the state of economy, service leaders are tasked with overhauling their support model and extracting repetitive support costs. They need to simply continue doing what they are doing now, but better and less expensively. At the same time, they need to eliminate recurring issues and deflect low value, high volume requests to self-service. The overall value proposition is to increase customer satisfaction, lower costs, and free-up expensive technical and business resources to work on critical projects.

Daly: Your key premise suggests that how an organization handles and improves first level resolution reflects a service philosophy more than it drives efficiency metric. Please elaborate.

McGarahan: First level resolution should drive how you create a support strategy, build the structure, and then integrate the people, process, and tools around it. Usually, organizations want the front line to resolve as much as possible at the front line, but with a discipline to speed resolution through escalation in order to reduce the business and productivity impact on the customer. In all cases, we need to know what incident types we can resolve on first call, at first level, and which ones legitimately require escalation.

At all times, we need to review the incidents we escalate and see what we need to do to enable a FCR/FLR as well as move a FCR/FLR to self-service or target them for elimination through change management. This strategy leads to higher customer satisfaction, lower cost, improved support center image, and improved customer productivity.

Optimizing your service organization around FLR dictates what people and skill sets you hire and train for. It dictates the tools you configure with best practice process so the front line can resolve issues at the first level with minimum talk time. If you do it right, it has a positive ripple effect across all performance metrics, the most important ones being customer satisfaction and cost.

Daly: What would be a good approach for an organization who is looking to improve FLR and lower the cost per resolution?

McGarahan: Our mantra should be to assign the right work to the right people for the right reasons. The guiding principle behind the shift-left strategy is to shift the resolution of the incident or fulfillment of the request to the most cost-effective level of support. Routinely, incidents are escalated to the more expensive teams (level 2 and level 3). We have to investigate which ones we should target to be resolved by the front line as well as FCR types (level 1) and what can be handled by self-service (level 0).

Daly: What is the incentive for L2 and L3 teams to cooperate and give up resolution control to the service desk?

McGarahan: The shift-left strategy is vital in helping to free-up more expensive project resources so they can continue to focus on implementing projects on-time, in a quality manner, and minimize business service disruptions associated with rollouts, non-tested applications, and infrastructure failures.

The specialty teams face many distractions that continually take them away from their focused project work. A major cause of project delay is having project resources being pulled off of their “task-at-hand” to dive-into the escalated incident resolution process. These regular project delays often impact the credibility of IT with their business colleagues.

Daly: How does shift-left work, starting with level one where shifting left means self-service?

McGarahan: Begin with knowing who calls, why they are calling, and what the front line needs to do to resolve that issue at the most cost-effective level of support. Specifically, identify all call types that get reported into the system, know where they are being resolved (Level 1, 2 or 3), and what needs to be done to shift the resolution of that incident left – to the most cost-effective support level. Shifting left from the front line (L1) means that front line analysts document repetitive, incidents and shift those left to a self-service portal where customers can help themselves anytime, anywhere.

Daly: The service desk is tasked with the responsibility to drive their FCR metric to a higher percentage point. How can they facilitate that?

McGarahan: First, by working more closely with their other support teams and gaining a deeper knowledge and understanding of what it takes to resolve escalated incidents at the first contact. Ideally, with the help of documentation, knowledge articles, remote control, training, and the like, we can target escalated issues for a quicker identification and resolution at the front line. It would help the service desk if they could identify the top five to seven call type categories that are both a high and low mixture of call volume and handle time.

Daly: Who holds the responsibility to decide what to shift-left?

McGarahan: I believe that each support level team has the ultimate responsibility to investigate the repetitive issues escalated to them and make the decision if it is a reasonable target for FCR. It should become a routine process to look at the resolution dynamics in a cooperative, cost-reducing way.

Daly: It's a logical distinction with the shift-left strategy that level one focuses on incident resolution, allowing levels two and three to focus on problem elimination, new services, and priority projects.

McGarahan: Not exclusively, but yes. As part of their weekly and monthly problem management responsibilities, the L2 and L3 team leaders should analyze call types and specific issues that are being escalated to them and seek to identify their root causes. They should come up with a long-term resolution, fix, or change that would eliminate those incident-related problems from the environment, reducing the number of calls overall.

Also, each team needs to be able to report what call types are new to the mix versus those that are older and have been a repetitive part of the mix for the past year or longer.

Daly: How can organizations start putting shift-left into play?

McGarahan: It takes a coordinated, fully engaged effort among the service leaders at all support levels within the organization. They all need to believe that they work for the service desk customer and that the end result should be that the right work is done by the right people for the right reasons. Each support team should define its own scope of services, with clearly identified roles and responsibilities. Then, each team needs to understand who does what and why and work to cooperate and collaborate to make them all successful.

As you look at areas to shift-left, determine what the work looks like, what it involves, what the demand will be, what the team needs to do to take it on and be successful. . Everyone has to believe that accepting the new work is for the right reasons. So, be sure that the accepting team has the resources they need to be successful.

Daly: How do you show that you have lowered cost by shifting left?

McGarahan: Start by knowing your costs per analyst, cost per call, and cost per resolution. It's pretty simple to calculate the cost per FCR. What's more difficult is calculating the cost per resolution once it has been escalated and that involves multiple handoffs and resources.

To do this properly, we need to measure actual work effort involved with the resolution during the resolution process and include all resources who worked on the issue to its eventual resolution in the calculation. I have used a blended hourly wage for various support teams that have an escalation cost associated with it. Then, using one of a variety of industry accepted guidelines for calculating cost per call, per analyst or resolution, determine what the average cost would be to resolve specific call types at the various support levels.

Next, evaluate your call types and target those you want to shift-left. Then, as you implement the recommended action for shifting them left, monitor the impact. It's a straightforward calculation: last month we solved this many incidents at L2 or L3, and this month we solved Y. Then take the reduced difference, multiply it times the average cost per call, and you have your net support cost savings for shifting the resolution of that particular call type to a more cost effective support team.

Daly: What is a reasonable starting objective – a target goal, if you will – for an organization to start a shift-left strategy?

McGarahan: First recognize that it's not always about giving money or headcount back to the company. It's more about optimizing the support organization around the customer, making sure you have the right people resolving incidents at the right cost level.

Organizations should adopt a call elimination strategy that aims at reducing redundant and repetitive calls by 10% yearly. That effort is aimed at minimizing the business impact of repetitive

incidents and increasing the front line bandwidth so they can take on new, valued-added work without increasing headcount. For example, if a call costs \$25, and you get 2,500 redundant calls a year, you can work the math. It's a cost savings of more than \$6200, and that's just for one redundant call type. You'll realize the benefit of shift-left rather quickly.

Daly: We've come full circle. The value proposition is strong for optimizing the support center with improved first contact resolution.

McGarahan: The shift-left strategy, with the emphasis on first call resolution, is the core strategy for single point of contact service desks. If I focus on FCR and the philosophy around shift-left, it forces me every day to ensure that my team is putting industry best practices to work to drive a higher first call resolution. If we do shift-left correctly, we're assigning the right work to the right people for the right reasons. Everybody wins!

About Pete



Peter J. McGarahan is the founder and president of McGarahan & Associates. Pete recently served as the Chairman of the IT Infrastructure Management Association, a sister organization to HDI. Pete offers twenty-five years of IT and business experience helping IT organizations optimize their service delivery model to support business objectives. His value to the service and support industry and business is his thought-leadership. As a practitioner, product manager, and support industry analyst and expert, he has influenced the maturity of the service and support industry.

His passions for customer service led the Taco Bell® support organization to achieve the HDI Team Excellence Award. IT Support News also named him one of the “Top 25 Professionals in the Service and Support Industry” in 1999. Support professionals voted McGarahan “The Legend of the Year” in 2002 and again in 2004 at the Help Desk Professionals conference for his endless energy, mentoring, and coaching and his valuable contribution to the support industry and community.

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