



TRIAD ISOTOPES

Process Optimization: Bringing Operations into High Definition

Featured Case Study

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The Situation Triad Isotopes was initially established in 2006 through the acquisition of 12 radiopharmacies. Its business strategy of growth through acquisition was furthered in 2007 when it purchased four regional nuclear pharmacy companies in three states. In late 2010 Triad bought Covidien's Mallinckrodt U.S. radiopharmacy network, which included 37 radiopharmacies, boosting staff to more than 1,000 employees.

While growth was positive, the cultural and operational differences between the Triad "Legacy" and Covidien pharmacies created significant process variations, negatively impacting its business. The Board recognized the need to standardize business operations, yet be able to incorporate best practices from each pharmacy group.

In early 2012, Synergetics met with company CEO Dom Meffe through an existing relationship with leadership at the Parthenon Capital Investment Group. Synergetics began a Business Analysis to determine not only Triad's major opportunities and challenges, but also its willingness to embrace change required to unify the company.

The Business Analysis In addition to the operational stress of business process variation within Triad, the external marketplace was experiencing a rapid and dramatic shift. Larger health system buyers were demanding best price, further complicated with the extreme shortage of the chemical element Technetium. This shift caused radiopharmaceutical margins to bottom out, creating tight price demand amid short product supply. Triad needed to tighten its belt and respond beyond an already exercised

Triad Isotopes, Inc. is the second largest and fastest-growing nuclear pharmacy company in the nation. Headquartered in Orlando, Florida, the company's network of over 60 locations, including four cyclotrons that prepare PET doses, serves 4 million patients each year. This distribution network geographically positions the company to serve national Group Purchasing Organizations and regional healthcare systems, as well as stand-alone clinics and hospitals.

Triad Isotopes utilizes an open formulary approach to provide clinicians a full array of radiopharmaceutical options, allowing them to tailor the products they order to meet the specific clinical needs of their patients.

With over 25 years of experience in preparing radioisotopes, the Triad teams of highly-skilled nuclear pharmacists and staff deliver the industry expertise and customized solutions critical to supporting and enhancing the nuclear medicine industry. Customers of Triad Isotopes have a trusted advisor to turn to for answers to their most challenging clinical or regulatory questions.



"To compete and thrive in this next generation, we must fine tune all aspects of our organization to achieve new levels of clarity, focus, and resolution. This is not a choice -- it is an imperative. We are calling this next step in our transformation 'TriadHD,' with a goal of moving our company from analog to high definition."

Dom Meffe
CEO, Triad Isotopes



labor cost reduction initiative. In short, they needed to achieve operational performance excellence to survive and thrive in an aggressive and demanding market.

While Triad had some major economic hurdles to overcome, there also existed a disjointed cultural climate that would make it difficult to support required changes. In collaboration with Parthenon Capital and the Triad Isotopes CEO, the Synergetics team agreed on a comprehensive project approach to address the challenges which Triad faced. These included post-merger/acquisition alignment, operational process variation, sales force ineffectiveness, and a home office which was perceived as not adding value or supporting field operations.

The Implementation In mid 2012, a 12-month implementation project was approved that was organized to focus standardization and improvement efforts in three key operational areas -- Pharmacy, Sales, and Home Office.

Critical to the success of these major process changes was the accompanying message from the CEO: *"The nuclear pharmacy industry, indeed the whole healthcare industry, is transforming dramatically and permanently. This will not be a nice, fat document that gives suggestions for the future, but will in fact be an Action Plan."*

Building an Effective Sales Force Synergetics led the implementation of setting in place a Management Operating System (MOS) to improve Sales Force effectiveness. The MOS would assess opportunities, plan sales capture and retention activities, and track/report efficiencies and effectiveness. The goal was to draw upon best-in-class sales performance models to provide the sales teams and directors with training, data, and support to be most effective. By utilizing increased coaching, enhanced reporting and management tools, and with more granular market assessments, sales territories could be optimized and grown. These targeted improvements, along with reduced labor costs / span across teams, helped to drive revenue improvement 10-15%.

Establishing a Model Pharmacy Beginning with multiple working sessions to identify "As Is" vs. "Should Be" process mapping, Synergetics and operational leadership built a functional model prototype. At the heart of this Model Pharmacy initiative was being able to optimize processes to compound, kit, distribute, deliver, and invoice. Both internal and industry best practices were integrated, while at the same time leveraging Triad's national purchasing power to its full advantage. Special attention was focused on Technetium utilization as well. Based on the success of the Model Pharmacy pilot, a Train-the-Trainer program was developed along with rollout plans for all pharmacies.

These enhanced efficiencies yielded a total savings of \$4.6M across all 60 pharmacies, broken down by reductions in:

- **Tc99m costs – \$1.7M**
- **Pharmacy staffing – \$900K**
- **Delivery expenses – \$1.4M**
- **Other expenses – \$600K**

Creating an Efficient Home Office Critical to the overall success of Triad Isotopes' change initiatives was having the necessary administrative systems in place to fully support pharmacies and their customers. In order to optimize all quote-to-cash processes, contracting, invoicing, issuing credits, and managing collections had to be standardized. By incorporating an MOS for Customer Connection team use, workflow processes were systemized utilizing work-type breakdown structures and an automated management portal system.

A dramatic improvement in billing error reduction was achieved by improving Invoice Generation Accuracy, along with implementing a 24-Hour Discrepancy Resolution process at the Home Office. This breakthrough allowed all billing line items for the Model Pharmacy to be submitted on-time with fewer errors. **Coupled with a revised, proactive collections process, the metric for Days Sales Outstanding (DSO) improved by 8 days, resulting in significant bottom line savings.**

The Impact As Synergetics finished its engagement, **initial projections showed that these process changes could potentially save Triad between \$3.5M to \$7M** (with estimated revenues of \$20M). With prototypes in place and systems implementations well underway, Triad Isotopes was left in a commanding position to stay ahead of a changing industry, remain competitive, and proactively respond to future changes which could threaten its market standing.

Synergetics is a privately held New England-based Management Consulting firm established in 1975. With two office locations in the US and UK, Synergetics operates internationally and employs over 150 professionals as analysts, consultants, project managers, and subject matter experts. As one of the largest "Implementation Consulting" organizations, Synergetics has completed over 1,600 business process engagements across 9 distinct industry verticals. It has built more than \$8B in bottom line profitability and improvements in overall operating efficiencies.

Synergetics has a diverse client portfolio comprised of leading industrial and service corporations across Private Equity, Small and Medium Enterprises, and Fortune 500 Companies. With customized service offerings and solutions, Synergetics performs detailed management, financial, and operational assessments to develop and deliver specific cost savings and revenue enhancement initiatives.

"The goal of 'TriadHD' is to move our company to the next level... It is essential that we uncover best practices, think creatively, and bring a disciplined approach to our business.

"We have been working with a team of consultants from Synergetics to develop the 'TriadHD' initiative. The consulting firm was retained for their expertise in assessing organizational performance, recommending opportunities for improvement, and assisting with the implementation of best practices."

Dom Meffe
CEO, Triad Isotopes

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