Optimizing for Growth: Process Reengineering at a National Specialty Pharmacy

Background

A national specialty pharmacy, operating as a subsidiary of a major insurance company, serves Medicare patients through two distribution centers and a shared service center. The organization manages patient acquisition, benefits enrollment, patient care, drug management, and billing operations. Due to rapid growth, the company had not had adequate time to optimize processes, workflows, and physical space, resulting in significant waste across pre-production and production streams.

Objective

Empirical was engaged to provide the leadership team with comprehensive insights into current processes and actionable recommendations for improvement. The goal was to deliver stack-ranked recommendations on a 30, 60, and 90+ day timeline, matrixed by business impact and the organization's ability to execute successfully.

Methodology

Empirical deployed a structured Lean Six Sigma approach using the DMAIC process to identify root causes and develop targeted solutions.

- **Define:** Collaborate with the client team to develop a project charter ensuring alignment on objectives, goals, timelines, constraints, success metrics, and key stakeholder groups.
- **Measure & Analyze:** Work collaboratively with the client to identify and validate issues across pre-production workflow, production workflow, physical space layout, workforce skills, role alignment, and resource utilization. Led a series of key stakeholder meetings, value stream mapping exercises, site observations, data analysis, Voice of Customer sessions, and stakeholder analysis discussions, culminating in a multi-department brainstorming session to determine root causes.
- **Improve:** Develop comprehensive recommendations for reducing waste and defects, optimizing technology, and improving workforce deployment across pre-production, production, inventory control, pharmacy operations, and customer service areas.
- **Control:** Establish sustainable processes and metrics to maintain improvements and support ongoing operational excellence.

Results

- **Avoided $12 million in capital expenditure** by optimizing existing production capacity through process changes, physical layout improvements, demand forecasting, inventory management, and real-time data analytics—eliminating the need for planned equipment expansion.
- **Reallocated 23 FTEs to critical-need areas** through workflow optimization, organizational restructuring, and process improvements, while maintaining production capacity.
- **Cross-trained 19 additional FTEs** for expanded roles and succession planning, building organizational resilience and flexibility.
- **Reduced waste and defects** in pre-production through process reengineering and strategic workforce optimization, ensuring the right people were in the right roles.
- **Delivered a phased implementation roadmap** with prioritized recommendations spanning 30, 60, and 90+ day timelines, enabling leadership to execute changes systematically and sustainably.

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