

# Rapid Growth of Full-Time Equivalent Staffing Programs

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With the global economy in a recession, a vast majority of pharmaceutical companies are being forced to cut costs and control spending. For most companies this means a reduction in workforce and tighter outsourcing budgets. Companies are left with the same amount of required laboratory testing, but with fewer employees to perform the work in-house. Clients are left searching for value-added programs that will allow them to project all of their outsourcing costs for an entire year in order to lock in on set annual costs. As a result, Lancaster Laboratories is seeing an increased interest in its Full-Time Equivalent (FTE) staffing programs.

During the past two years, the number of pharmaceutical clients requesting information about Lancaster Labs' FTE model has

increased significantly and the company has positioned its global operation in a way to fully support the increased demands. Lancaster Labs is also seeing a trend toward an increase in the overall size of FTE programs already in-place, indicating current customer allegiance to its FTE programs. Approximately 20 percent of Lancaster Labs' pharmaceutical staff members are FTE employees, supporting customers around the world. Forecasts for 2009 indicate continued expansion of the current teams as well as the establishment of additional teams.

**How is the FTE program cost-effective for the client?** An FTE program consists of a team of dedicated full-time employees, working at a Lancaster Labs' site, using Lancaster Labs' instruments

and resources. Project priorities and deadlines are set by the client. This model works successfully for clients who need to outsource a consistent amount of work that is sufficient to fully utilize a dedicated team for an extended period of time. There are set monthly fees for each member of the team with specific rates corresponding to various staff levels. Clients pay one billing each month.

Utilization reports are generated to disclose exact hours

and activities performed by all team members. Most testing, review and consumables are covered in the set rates with certain highly technical activities such as Mass Spec analysis and high-cost consumables like specialized columns available at increased rates. These items will typically be covered as pass-through costs in a program and may be defined at project initiation. The duration of any FTE is typically contracted for a minimum of six months, while many contracts are multi year agreements.

There can be numerous cost savings that are passed onto the client with an FTE program. Using a team of dedicated individuals, instruments and physical resources, the client does not need to be

concerned about long-term costs incurred with hiring employees or costs for additional instruments and physical space. Reduced labor in handling quotes and purchase orders has a positive impact on cost control, as well as having Lancaster Laboratories systems manage material supply chains. All testing is performed at Lancaster Labs, using validated equipment and trained analysts in a complete GMP environment.

**Lancaster Labs' programs are highly effective since the same level of quality, performance and productivity expectations for its fee-for-service offerings are used to manage the FTE staff.** The results are highly motivated and productive teams that are both results and service focused. The manner in which these teams are managed, the technical and regulatory security the Lancaster Labs organization is known for and the ability to provide extensive and meaningful detail in utilization reporting, differentiates Lancaster Labs from other contract laboratories offering an FTE-type program.

**Clients have found the FTE programs reduce time for new project initiation.** This is easily accomplished through the program as there are no individual quotes needed and limited purchase order requisitions. Other external factors that could be perceived as rate limiting steps have been

incorporated into the FTE model as well, including protocol establishment, harmonization assessments for raw material programs and customized reporting requirements. Establishment of test methodology can be streamlined by having the ability to utilize the dedicated staff effectively. Often, Lancaster Labs integrates with clients to provide results and data directly into clients' LIMS systems. Additionally, when testing needs to be expedited, no rush surcharges are incurred.

**FTE teams have shown to be efficient and effective in delivering clients results.** This is accomplished by the diversity of technical experience that each member of the team brings to the table. The specific skill set for each member of the team is determined during initial planning meetings with the client, so all technical needs for a program are covered. Staff members on FTE programs work very closely together to share expertise and strengthen the analytical capability within the group. This "team-based" approach to testing has been shown to increase the efficiency of the team and shorten turnaround times for the client. In conjunction with LabAccess.com, where clients have 24/7 access to all their lab reports and raw data, Lancaster Labs provides transparency while meeting all client targets.

**Communication channels are another advantage to an FTE program.** The client always has the direct communication link with the technical team leader. All teams have a routine meeting schedule with the client, where updates, planning and action plans are established. This open communication policy allows the client to have immediate feedback on timelines and utilization of the FTE team. Since the client sets the priority, resources can be shifted to focus on the projects that take precedence.

By having a team of dedicated employees working for one client, the relationship between the lab and the client grows into a collaborative partnership as each party learns to understand each others' needs and operations. The ultimate goal for most of Lancaster Labs' clients is to have their contract research organization become an extension of their own in-house lab. The value Lancaster Labs is able to provide with its FTE services is clearly why there is an escalating demand for this model of service. For FTE inquiries, contact Pharmaceutical Business Development at 717-656-2300.

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