

Diversified distribution

Ta Chen's strength lies within

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Editorial director

Ta Chen International is not your typical master distributor. In just 25 years in business, the company has grown exponentially both in product offerings and revenues. They operate integrated manufacturing facilities, large warehouses, and have built an in-house IT platform that they compare to Amazon.com.

Ta Chen Stainless Pipe, Ltd. was founded in Taiwan in 1986 as a world-class mill for stainless steel welded pipe, tube, butt weld fittings, 150-lb castings, nipples and valves. The owner, Mr. Robert Shieh, took the company public 10 years later and listed it on the Taiwan Stock Exchange. The Ta Chen Group has continued to grow significantly with 2008 revenues reaching US \$1 billion worldwide. In 2010, Ta Chen is on pace to meet or beat the sales record achieved in 2008. Included in the "keys to success" are the successful expansion of their product line to include aluminum flat-rolled, aluminum extrusions, nickel alloy long products and 17-4 long products. The core offerings of stainless flat-rolled, stainless tubing, long products and stainless PVF remain a main focal point of the company.

Between 1994 and 2005, Ta Chen Stainless made major investments in China, building four world-class investment casting facilities. These mills have combined casting capacities of 600 tons per month. Among the products made at these plants are valve parts, balls, components, fittings; as well as airplane, automobile,

machine and pump components. OEM customers do business directly with these facilities; among those are companies such as Metso Automation, Emerson and Volkswagen.

Explained vice president Danny Tu, "These are among the largest investment casting operations in the world. The process is very labor intensive; it involves many different steps." Ta Chen China's facilities receive and re-melt all of the scrap from the Taiwan pipe and tube mill operations. Ta Chen is truly an integrated company when it comes to the production network, which is a major factor in monitoring quality while producing at efficient costs. All Ta Chen factories are ISO certified and have well-documented processes and quality control.

In 2008, Ta Chen completed a \$30-million expansion of its Taiwan world headquarters, including new valve, slitting and Gauer bar plants. Its 86,000-square-foot headquarters is now adjacent to the three new plants, which range in size from 27,000 to 37,000 square feet, and there is still ample room for future development on adjacent property.

As Tu described, the Ta Chen Group designed and operates a "perfect eco-system," making use of virtually all of the raw materials from all of their operations, even sending their scrap and end pieces to the plants in China for re-melt. "We have no waste," Tu said.

U.S. operations

As a leading aluminum and stainless steel master distributor in the U.S., Ta Chen's U.S. operations are known as Ta Chen International, or



Master distributor Ta Chen International, founded in Taiwan in 1986 as a mill for stainless steel PVF products, has grown exponentially into a world-class manufacturer with state-of-the-art facilities that recycle nearly everything in the manufacturing process so nothing is wasted or fouls the environment.

TCI. In the U.S., TCI currently has eight locations with full inventory warehouses; seven of those locations also have sales offices: TCI employs more than 500 people in the U.S.

- Long Beach, Calif., is TCI's headquarters, with a nearly 260,000-square-foot facility, and serves the Southwestern U.S.

- A 122,500-square-foot branch in Seattle is the newest TCI branch, and

Atlanta branch serves the Upper Southeast.

- In Orlando, TCI has a nearly 200,000-square-foot branch. TCI is moving this month to Lakeland, Fla., to be closer to most of its current customer base.

TCI prides itself on being a one-stop shop in the U.S., carrying more than 25,000 stainless inventory items. Among its offerings are flat

"TCI operates as mill depots for our mill products from Taiwan and China, but to be a strong master distributor, we cannot just rely on our own production capability. TCI has both domestic and global sourcing capabilities."

serves the Northwest. TCI is planning to move to a larger facility to facilitate future growth.

- The Chicago branch is 215,000 square feet, and serves the Midwestern U.S. "Our Chicago facility is probably one of the most efficient we have," said Tu. "It utilizes an overhead crane and the high racking system allows us to stock a very large amount of inventory in the limited space."

- With more than 225,000 square feet of warehouse space, the Houston branch serves the always active Gulf Coast region, and is one of the largest such facilities in the area.

- The shipping warehouse in Cleveland is nearly 90,000 square feet, serves the lower Midwest, and facilitates shipping and transfer points.

- The branch in Burlington, N.J., has more than 100,000 square feet and serves the Northeastern U.S.

- The nearly 160,000-square-foot

rolled coil sheet and plate (in stainless steel, duplex, aluminum and nickel alloy); bar & structural products; pipes, valves and fittings; and tube products.

TCI is constantly communicating with its customers about introducing new products and services. "We just added a machine shop in Houston and Long Beach to modify our products," Tu noted. "In the past we had to send product out if customers needed any modifications, which added to logistics concerns and time. Now we have the opportunity to do it in house."

"Stainless steel is the main material for our PVF offering," Tu added. "TCI operates as mill depots for our mill products from Taiwan and China, but to be a strong master distributor, we cannot just rely on our own production capability. TCI has both domestic and global sourcing capabilities. TCI carries known brand (Turn to Sophisticated... page 26.)"



TCI strives to be a 'one-stop shop' in the U.S., stocking more than 25,000 stainless inventory items such as pipe, valves, fittings and tube products; flat rolled coil sheet and plate in stainless steel, duplex, aluminum and nickel alloy; as well as bar & structural products.

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such as Bristol Metals, Outokumpu, Bebitz, Tubacex and Salzgitter products. We treat our strategic suppliers as partners, so we share marketing information with our vendors. They then can better plan for their future production. Because of our consistent ordering patterns, our vendors are able to supply us with products of high quality and performance efficiently. Our strategic vendor program gives us the confidence to put the product on our shelves.”

At the heart of TCI is a sophisti-

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cated IT system, which was built and is maintained completely in-house by TCI’s IT team. As Tu noted, it is a “living fabric that is constantly enhanced to evolve with TCI’s growth and our customers’ needs. This platform, combined with our warehouse bar-coding system, provides real-time visibility of all of TCI’s inventory nationwide.”

Web prices are held consistent for offline TCI orders, so there is 100% price transparency, rendering price negotiations unnecessary. The greater operating efficiencies that TCI realizes through this platform allow the company to compete on lower gross margins without sacrificing service or product quality.

“With our system — which we compare to that of Amazon.com — the management of a large number of inventory line items, SKUs, becomes a competitive advantage,” said Tu.



Ta Chen maintains warehouses in seven U.S. locations: Long Beach, Calif., which also is TCI’s headquarters; Seattle, the newest branch; Chicago, one of the most efficient; Houston, among the area’s largest; Cleveland, which facilitates shipping and transfer points in the Midwest; Burlington, N.J., with more than 100,000 square feet; Atlanta, with 160,000 square feet; and Orlando, with plans to move to Lakeland, Fla. to be closer to the local customer base.

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Sophisticated IT system drives Ta Chen



TCI’s IT system, which operates similar to that of Amazon.com, manages a large number of SKUs and is a competitive advantage for the company. It provides real-time visibility of all its inventory nationwide and can provide customers all the information that they need via a website. Some 4,000 inquiries are logged through the site each day.

“The system provides real-time visibility of all our inventory nationwide. It can provide a customer all the information that they would typically be seeking from one of our salespeople over the phone. The system runs our sales, operations and inventory management, allowing us to generate even greater operating leverage and scale economies, rather than a management nightmare. We believe that service and quality are of the highest importance to our customers, and our IT platform supports us in those efforts.”

About 75% of TCI’s business is done through its website. Each day,



The 215,000-square-foot Chicago branch serves the Midwestern U.S. and is among TCI’s most efficient, utilizing an overhead crane and high racking system to stock a very large amount of inventory in a limited space.

about 4,000 inquiries come through the TCI website. Tu noted that TCI is very understanding of the individual needs of its customers, and wants to be as accommodating as possible.

“We also have about 60 people in sales across the country who are there to help those customers who have issues with our online system or don’t use the website,” Tu said. “There are just some people or companies who aren’t comfortable or able to do online ordering, but they are still important to us as customers, so we want to make it easy for them to do business with us.”

Because of its adaptable IT platform, TCI has been able to expand into areas far outside the norm of PVF master distribution. Their most unique recent ventures have taken them into the sales of designer interior window shutters through Sunland Shutters, trucking accessories from NASTA, as well as Brighton-Best International, a fastener, screw and bolt master distributor that has more than 35,000 SKUs and 34 warehouses in five countries. ■

For additional information, visit www.tachen.com.