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## **U.S. fulfillment firm caters to Canadians**

JOHNSON CITY, TN—Mark Scheidt is an American with an affinity for Canadians. A lot of that has to do with the fact 20 percent of his company's business comes from Canadian companies selling into the U.S. It's a proportion of business that grew markedly once his company opened a new distribution facility here.

Scheidt is president and owner of Technipak, a full-service fulfillment firm with customers throughout the U.S. and Canada. It professes to have the expertise of serving the distribution needs of Canadian companies and has been adding capabilities to improve that service.

Technipak secured one Canadian client soon after it was founded nearly six years ago. It still has a 70,000 sq. ft. warehouse in Colorado near Denver, where the company originated.

Technipak opened a 10,000 sq. ft. facility in Tennessee in March 2003, and moved to a 100,000 sq ft. warehouse in Johnson City in December 2003. It moved its headquarters to Johnson City from Denver due to its success in east Tennessee. It upgraded its facility, technology, equipment, services and marketing.

It experienced steady-growth by adding manufacturers and distributors of consumer-direct products to its customer base. It also secured three more Canadian clients.

Scheidt attributes the increase in business to two factors. One was the Tennessee location because of its proximity to the east coast. The other was having two facilities expanding Technipak coverage to both east and west coast.

### **Two-day truck delivery**

The Johnson City distribution centre offers two-day truck delivery to 65 percent of the U.S. population, he says. It is a tremendous advantage for fast delivery and cost savings for Canadian customers.

Technipak doesn't have a large number of clients, he says. It has clients that do a large amount of business with it.

Its four Canadian customers do a heavy volume of business with Technipak. They are large Canadian companies, but he can't name them.

All Technipak clients do most of their marketing through the Web or direct mail, he says. Three of the Canadian customers sell direct to consumers. The other is a business-to-business marketer.

For the three direct to consumer Canadian marketers the American buying public represents a large share of their business, he says. They either drop ship their products to Technipak from Canada or from American manufacturers that are making their products for them in the U.S.

### **International distribution**

"We handle the majority of all their U.S. distribution and in a lot of cases their international distribution for them as well."

The U.K. draws big consignments, he says. Technipak also ships a lot of goods to Southeast Asia. According to Shiedt, it actually distributes into about 165 different countries for some customers including the Canadians.

Products distributed by Technipak include cosmetics, infant apparel, literature, hardware, pharmaceutical, nutritional and herbal supplements, and consumer-direct products such as educational tapes, CDs and books, food products, equipment, decorator items, orthopaedic products and others. Sales are made through ecommerce, catalogues, print advertising, TV spots and infomercials.

Technipak services include order processing and fulfillment, receiving, product procurement, returns, warehousing, kit assembly, packaging, distribution, inventory management, shipping, call centre capabilities and advanced information technologies. In addition, Technipak offers promotion and marketing services.

Clients interface with Technipak online and have the ability to enter new orders, analyze inventory and returns, via the Internet 24/7. Technipak will work closely with clients even before procuring their inventory.

"We are set up to take up Web orders," says Schiedt. "We will build our order processing engines and tie the two systems together whether it is their Web site or order processing system. So once an order is taken through their shopping

cart system it will automatically once the credit card is approved import right into our systems.

“So it just depends on what type of system they are using and what type of method. Some people will send us a huge batch file daily and say dump these into your order processing system. From there we do all the shipping whether it is international or not. And we use all the different carriers –FedEx, UPS, the USPS, DHL, airborne, whatever the customer prefers.”

## **Foreign Trade Zone**

Apart from offering better east coast coverage, the Johnson City location was chosen as a warehouse site because it is a Foreign Trade Zone (FTZ). The U.S. created these zones in certain regions of the country so international importers could bring all parts of their products into these zones and pay only one duty and tax on the finished item.

“Let’s say you’re building a car,” explains Schiedt. “When you bring in the fuel pump, you pay duty and taxes on that fuel pump. You pay duty and taxes on the gaskets, whatever it may be. So you end up paying higher duties and taxes because each one of those components is classified differently.

“In an FTZ, you pay duties and taxes on that finished good. You don’t have to pay all these different levels of duties and taxes at the point that shipment arrives in the U.S. You can actually pay those duties and taxes at the point it ships to the end customers.”

Canadian companies do not pay duty on their products when they are shipped to Technipaks’ warehouse or when the inventory is sitting in the warehouse, he says. They don’t pay duty until the product is shipped to the customer.

“The problem is most manufacturing is now going overseas. So if an importer brings in a product now it is usually already finished and assembled. So you don’t see people taking quite as much advantage of the FTZ as they once did. But it is still an option people can take advantage of.”

Schiedt maintains Technipak has a reputation for excellent customer service. He says upgrades that have taken place in Johnson City are delivering faster, worry-free, cost effective service.

“For example, we recently took on a new customer, who was 1,000 orders behind when they came to us. Within 48 hours we had the product in house and were processing orders.”

In fact, it was a Canadian company selling a skin care line into the U.S. Schiedt says Technipak had been trying to get this firm's business for a couple of years. It succeeded when the company began encountering distribution issues with its current fulfillment supplier.

"Our system is very cut and dry where you can take a customer, plug him into our system, process orders and have those orders out. So we look at that as a success story.

It could have been 5,000 orders and we could have achieved the same thing."