The Many Challenges of Bulk Equipment

When it comes to managing a rental business, it's always been apparent that managing bulk equipment of any kind is one of the most complex challenges in the rental industry. Whether you are trying to manage hoses for pump equipment, scaffolding or trench plates, companies still find that cost management and inventory control for bulk equipment is like trying to fit a round peg into a square hole.

Which is why we've compiled some of our best blog posts surrounding non-serialized equipment and adding labor to contracts into this eBook. These posts will help you get a better grasp on how, with the correct software, you can make bulk equipment work for you.

In this eBook:

Making Bulk Equipment Work in Your Rental Software: Managing Costs

When your rental business focuses heavily on serialized assets, there is a tendency to simply expense bulk items and treat them as a cost of doing business rather than a significant asset. If your entire business focuses on serialized assets though, this is impractical. If you stock millions of pieces of scaffolding, hundreds to thousands of trench plates, then you can't simply write your entire rental fleet down to zero.

To make this work, you need to be able to depreciate your bulk assets in the books. The easiest way of doing this is to keep track of purchase quantities, then track your disposals against the purchased quantities using FIFO (first in, first out) or LIFO (last in, first out) methods. This allows you to track the net quantities left in each purchased batch and depreciate against the original purchase price. It's not the only method, but it's relatively simple to manage and gives you a good picture of your rental asset values.

Of course, this is purely a financial solution. From a physical perspective, you still can't guarantee that the scaffolding pole you're sending out to the customer is from the batch you bought in 2012 or the one you bought in 2015. Until someone finds a cost-effective method of tagging a scaffolding pole or a trench sheet that can easily be read by an RFID reader or something similar, there aren't many options open to you. Unless, of course, you are prepared to commit significant resources to managing the process of tagging, booking out and booking your equipment back in.

The problem that many parts of the bulk rental industry face is that your assets are mutable. A 20' scaffolding pole can easily become a 16' pole--it just takes a worker with an angle grinder! From a rental

perspective, that means that what you sent out to the customer is not necessarily what comes back. This influences your rental fleet and the value of your asset base, especially when considering the frequency of which this occurs.

This is where robust management of losses becomes extremely important in your rental software. Whether you want to charge the customer for losses when they cut your assets down to size, or just charge them a cutting fee and accept the asset loss as a cost of business, you need to be able to track that within the software application.

You also need to be able to easily adjust your fleet so that your availability information is visible. If you want to track the number of 20' scaffolding poles you have against the number of 16' scaffolding poles, then that means you need a quick way of telling your software that A has now become B. If that change is so significant that it also affects the value of your assets, then that means your change from A to B also needs to generate appropriate postings in your ledger and allow you to do a bulk revaluation of your new totals.

When it comes to managing bulk equipment, you need to find specialist rental software that tackles these questions head on. Rather than trying to make software designed with a focus on serialized equipment work in your business, look for software that has been designed with flexibility in mind, and can work for bulk assets as easily as it does for serialized assets.

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Making Bulk Equipment Work in Your Rental Software: Managing the Rental Process

About 10 years ago I sat in a hotel in Abu Dhabi looking out the window at a huge array of cranes, scaffolding and quarry trucks. The hotel was only partially complete and only housed guests working on the project. According to my hosts, at that point in time, half the worlds' scaffolding was in the UAE. Whether that was true, who knows? But what it did was give me a feel for how hugely complicated it is to manage vast volumes of pieces of bulk equipment. In the two weeks I was there, I saw scaffolding rise dramatically on one building as it started to reach upwards, and at the same time be stripped from buildings that no longer needed it. Huge trucks would arrive early every morning and throughout the day would deliver more and more metal onto the job site.

Now, working for a rental software company, I see this from the process side. Every one of those deliveries represents additions to a rental contract or a service order. Every pick up represents another change to a rental contract. The waves of scaffolding onto and off a scaffolding project during the job's life can be immense. And while some waves can be tiny, each one needs to be tracked. The rental software needs to be able to track the net movement on and off, properly invoice based on actual quantities and time on site, and to consolidate charges so that the customer receives a single invoice if they wish.

Of course, most job sites of this type are construction or engineering projects. Which also means that ideally your rental software needs to be able to track project and task codes at the rental line level. It makes it so much easier for your construction client to pay their bills on time when your invoices reflect the job costing system they have internally. Potentially, this may mean also

splitting the invoices out by project and task code to make it easier for the customer's AP team.

The key here is billing flexibility. Throughout my time in the rental industry, I've realized that there is never just one way of doing something and customers drive diversity. Customer X prefers to give you a new PO for each delivery and have a consolidated end-of-month invoice for all their equipment. Customer Y prefers to use a blanket PO and add everything to the same order number even if the project runs for years. Regardless of their preferences, you need to be able to accommodate them both.

Your rental software is critical in this situation. Everything depends on accurate dates and quantities on your deliveries and pick-ups and your ability to set the rules at a customer level. Mobile apps and quick return processes help support activities in real time, so that you can limit the number of unloaded trucks in the yard and reduce the chance of inaccurate invoices.

To back up all this activity you need great reporting. Tools that allow customers and your own internal users to see quickly and accurately how much they have on hand, what's on rent and see how that total is made up. At the job site, the customer wants to understand not only their current net position, but also every delivery and pickup made since the beginning of the week, the month, the job site inception, or any other milestone that is deemed important.

When you're tracking volume rather than individual assets, the key is software designed to follow your business process. Look for flexibility to handle multiple partial deliveries and pickups, contract additions and changes and flexible billing that can be driven by customer preferences.

Managing Labor Allocation to Add to Your Revenue

If you have a specialist rental business that provides labor alongside equipment, then managing your labor requirements is as important as managing your equipment rentals. For some, this may mean running a separate time and attendance system alongside your rental software. For others, it means creating "rental assets" for your people in order to manage them in your rental software. If labor is not a large component of your rental business currently, but you're considering it, then read on.

The concept of operated equipment (equipment that goes out on rent with a driver or operator) has become more of a hot topic, as this is where the rental industry is leaning towards in regards to an additional (and profitable) revenue stream. As time has moved forward, we've increasingly seen a demand from rental businesses providing labor more generically. Rather than being tied to individual assets, the labor may relate to set up and tear down crews building pumping systems or setting out traffic management equipment. It may cover regular maintenance events during the course of the rental or on-site project management services provided by the rental company to the customer.

In these circumstances, the contract may be built up of a combination of operated equipment-style charging, normal rental charges and specific labor charges provided as services. In some cases, timesheets are used to pass charges through to the customer. In others, the timesheet is only used to capture the time and store it for reporting and costing purposes. In all cases, though, the demand for labor needs to be captured on the rental contract (or even a sales contract). It then needs to be scheduled and ultimately, a timesheet must be captured.

Tracking the revenue is imperative if you're looking to expand your services to include various forms of labor. Accounting for labor costs (hourly wages, benefits, overtime, etc.) cannot be accurately captured when you set up your personnel as a rental asset.

Also, take into the consideration the labor requirements for specific tasks, or requirements as specified by the customer. Does the task require someone with a special license or certification? Meaning, can this task only be assigned to particular team or a single person? Understanding the limitations of the job, task or your personnel makes allocating labor much easier.

Also bear in mind *when* labor will be needed during the rental process. Will it be at the beginning and end, during the rental, once a week, every day – single or double shift? Once you've defined the requirement, you can then plan out your labor schedule, allocating the right people to the right contracts. This is especially important if you find the need to swap people during the rental, covering multiple shifts or re-allocating labor for any other reason.

NEED MORE INFORMATION?

Wynne is the leading provider of software for the largest rental and construction companies across the globe. Contact us to find out how we can help you set up, manage and profit from your bulk equipment.

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