



# The Order-to-Bill Gap

Where construction equipment orders break down between the job site request and the bill, and how to close it

EBOOK

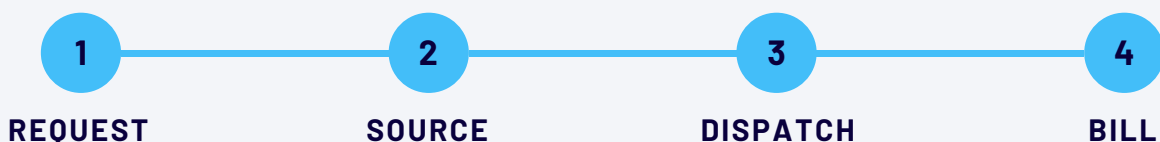
RentalResult 

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## Who this eBook is for

Equipment directors and managers at general, self-perform, and specialty contractors, plus the operations and finance leaders who answer for every order.



# 4

vendors on one order

# 4

purchase orders to raise

# 7

documentation steps  
per line

## Anatomy of one order

A superintendent needs a telehandler, a pallet of hydration packs, and a few boxes of tie downs at a job three states away. Getting the order placed is not the hard part. The hard part is everything after: sourcing it, getting it on site, and billing the job the right amount without anyone retyping the same numbers four times.

Say that order pulls from four vendors. Buying it takes a few minutes. Documenting it so the job gets billed correctly can take hours, because the same cost, markup, and job details have to be entered on purchase orders, rate sheets, receipts, and transfers before a single charge reaches the job.

Multiply that by several orders a day and the coordinator team grows just to keep up with data entry. For most equipment leaders, the goal is simple: every order should be a one-person job.\*



\*Autodesk and FMI estimate bad or duplicated data caused roughly 14 percent of construction rework in 2020, about 88 billion dollars worldwide.' (Harnessing the Data Advantage in Construction, 2021).

# Where is it versus what did we bill for it

Ask an equipment manager what the company owns and you will get an answer fast. There is a fleet list, an asset register, maybe a telematics map.

Ask what a specific job is being charged for a specific piece of equipment, and why, and it gets slower. In a lot of equipment systems, that one question means pulling the item transaction history, writing down a transfer number, searching the billing screen for the job, and then running a separate report to see whether the rental cap has been hit. On a busy system with years of history, those searches can crawl.

## Where is it?

### ONE QUICK LOOK

-  Fleet list
-  Asset register
-  Telematics map

## What did we bill for it?

### FOUR SEPARATE SCREENS

- 1 Item transaction history
- 2 Transfer number
- 3 Billing screen for the job
- 4 Rental cap report

Many of those systems do a fine job of showing where a tool is. They were never built to run equipment as a business that bills, recovers cost, and makes money. Most of the expense in an internal equipment operation lives in that difference.

**Tool tracking, telematics, and ERP modules answer where is it.  
Construction equipment management software answers what did we bill for  
it, was it right, and what did that machine return.**



# What the order-to-bill gap costs

## DEFINITION

**The order-to-bill gap is all the time, rework, and lost margin between a job site request and that equipment or material working on site, billed to the right job at the right rate.**



### Coordinator Hours

When a price goes on the purchase order, then on a rate sheet, then gets checked again at transfer, every line on an order triples the work. Enough of those and you are hiring to keep up with data entry.



### Margin

Every manual step is a chance to bill wrong. In many warehouse-first systems, freight and tax entered as quantity lines leave totals a few cents off, and billing learns to accept “close enough.” Changing the rate on one item number can quietly rewrite last month. A rental cap nobody can see either gets missed, which leaks revenue, or overshot, which starts a dispute.



### Credibility With the Field

When the transfer sheet a job site receives lists items but no prices, the first time a project manager sees the marked-up cost is on the monthly bill. Some teams end up typing prices onto every transfer by hand to head that off. Surprise charges are how project teams learn to stop calling the equipment department and start calling a rental house.



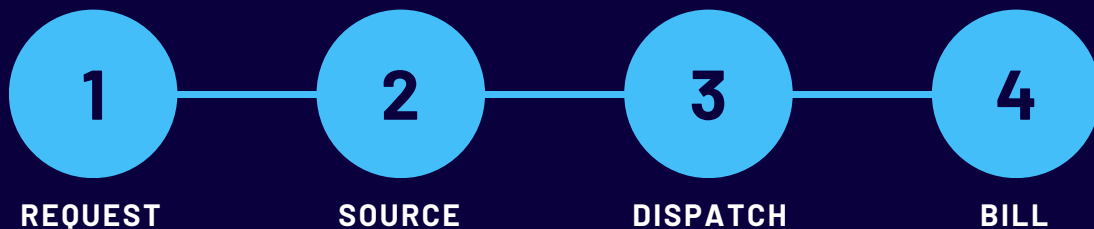
### Re-Rent Spend

When owned and rented units live in different lists, the team pays a rental premium while an owned unit sits idle in another yard



# Four stages, four places for revenue to leak

Most orders pass through four stages on the way from request to bill. Each one leaks in its own way.



## 1. The job site request

### WHAT HAPPENS

The field asks for equipment, materials, or tools

### HOW IT LEAKS

Requests arrive by phone, text, and email and get retyped

## 2. Sourcing

### WHAT HAPPENS

The equipment team decides owned, re-rent, drop ship, or stock

### HOW IT LEAKS

The same cost and markup get entered in several places, and owned units sit idle while the team re-rents.

## 3. Assigning and dispatch

### WHAT HAPPENS

Specific units are picked, loaded, delivered, and signed for

### HOW IT LEAKS

The yard list and the contract stop agreeing

## 4. Billing the job

### WHAT HAPPENS

Chargebacks, re-rent costs, materials, and rental caps hit the job

### HOW IT LEAKS

Caps nobody can see and prices that ripple backward

## STAGE ONE

# The job site request

Plenty of requests still come in by phone, text, and email. A common version is a project manager emailing a spreadsheet of what the job needs, often with links to the exact products they found online.

Those links usually start for a good reason. What the field asked for and what showed up did not always match, so project managers began sending the exact item. They are not telling the equipment team where to buy. They want to be sure they get the right thing.

The equipment team still earns its keep here. It is common to find the same product through a contracted supplier for far less than the linked price, add the standard markup, and still come in under what the field expected to pay. A good request process keeps both of those things: the exact spec from the field, and the buying power of the equipment team. The test is whether the negotiated vendor rate is in the system where the coordinator buys, or in a PDF nobody opens.



### What a good request process looks like

- ☐ Requests come in one way, with the job, cost code, phase, dates, and delivery details already filled in.
- ☐ Approvals route by role against the project or branch, without someone forwarding emails.
- ☐ The field orders from an approved catalog, and anything not in the catalog can still be requested with a description and a link.
- ☐ Whoever placed the request can check status without calling the yard.

## STAGE TWO

# Sourcing the equipment

Once the request is in, somebody decides where each item comes from. An internal equipment operation usually has four options, and a single order can use all of them.

### Owned fleet

#### WHEN IT MAKES SENSE

A unit is available, serviced, and close enough to move

#### WHAT GOES WRONG WHEN IT IS TRACKED OUTSIDE THE SYSTEM

An idle unit in another region goes unnoticed, and the team rents what it already owns

### Re-rent

#### WHEN IT MAKES SENSE

Owned units are committed, down for repair, or there is no yard in that region yet

#### WHAT GOES WRONG WHEN IT IS TRACKED OUTSIDE THE SYSTEM

Vendor rates, markup, and off-rent dates live in email, so premiums and extra days go unrecovered and the vendor invoice gets reconciled by hand against an off-rent date nobody recorded.

### Drop ship

#### WHEN IT MAKES SENSE

A vendor ships materials or tools straight to a remote job site

#### WHAT GOES WRONG WHEN IT IS TRACKED OUTSIDE THE SYSTEM

Nothing passes through the warehouse, so the team fakes a receipt and a transfer just to bill the job

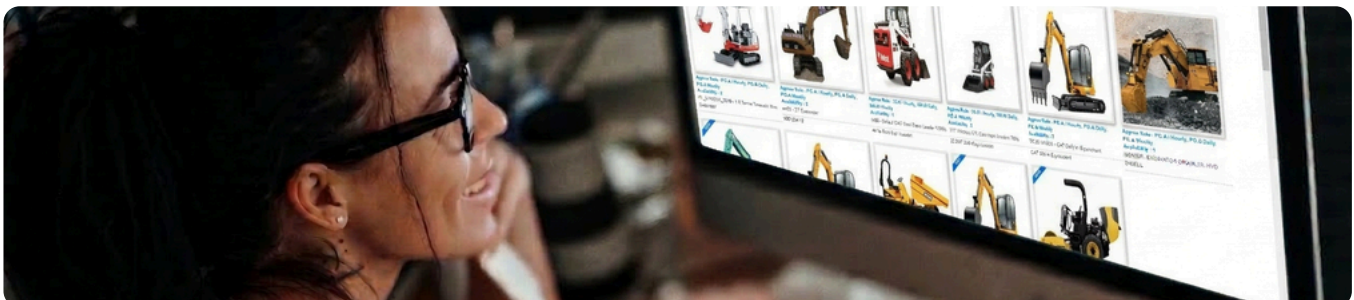
### Stock

#### WHEN IT MAKES SENSE

Consumables, small tools, and materials issued from the yard

#### WHAT GOES WRONG WHEN IT IS TRACKED OUTSIDE THE SYSTEM

Items leave on a handwritten list and the job gets billed from memory



# What a drop ship order really takes

Drop ship is where many internal equipment teams lose the most time. In a system built around warehouse inventory, buying from four vendors on four purchase orders is only the start. PO numbers often come from a shared spreadsheet, and then the coordinator still has to do this for every line:

|   |                                                                                                                                                                                       | TIMES RE-ENTERED |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 1 | Often the first job is to find an old item number old item number that has not been used in a couple of months, because reusing a recent one can change prices on bills already sent. | •                |
| 2 | Rename it to match what was actually bought.                                                                                                                                          | •                |
| 3 | Open the rate sheet and enter the cost plus the standard markup. RE-ENTERED                                                                                                           | 1                |
| 4 | Build a purchase order in the system and enter the quantity and cost again, with freight and tax as separate quantity lines. RE-ENTERED                                               | 2                |
| 5 | Receive the items into a warehouse they never touched.                                                                                                                                | •                |
| 6 | Transfer them out to the job so the rate sheet bills it.                                                                                                                              | •                |
| 7 | Type the prices onto the transfer sheet so the field can see them. RE-ENTERED                                                                                                         | 3                |

**SIDE NOTE** Returns are worse. If the system cannot return against the original purchase order, a wrong item becomes an inventory adjustment, and the vendor credit shows up weeks later on a statement with nothing to match it to.

**None of that work is buying. It is paperwork, done to make a warehouse system believe a purchase that went straight to the job site. Every one of those steps is also a place for the number to change.**

## Fixing the sourcing handoff

- ☐ Owned and rented units show up in one availability view, so planners check the fleet before they rent.
- ☐ Purchases for a job are raised from that job contract, so cost, markup, and bill rate are entered once and follow the item to the invoice.
- ☐ One-off items go on the contract as described lines instead of borrowing an old item number.
- ☐ Re-rents start from the original request, with the vendor rate and your markup side by side.
- ☐ Returns and credits tie back to the purchase order they came from.

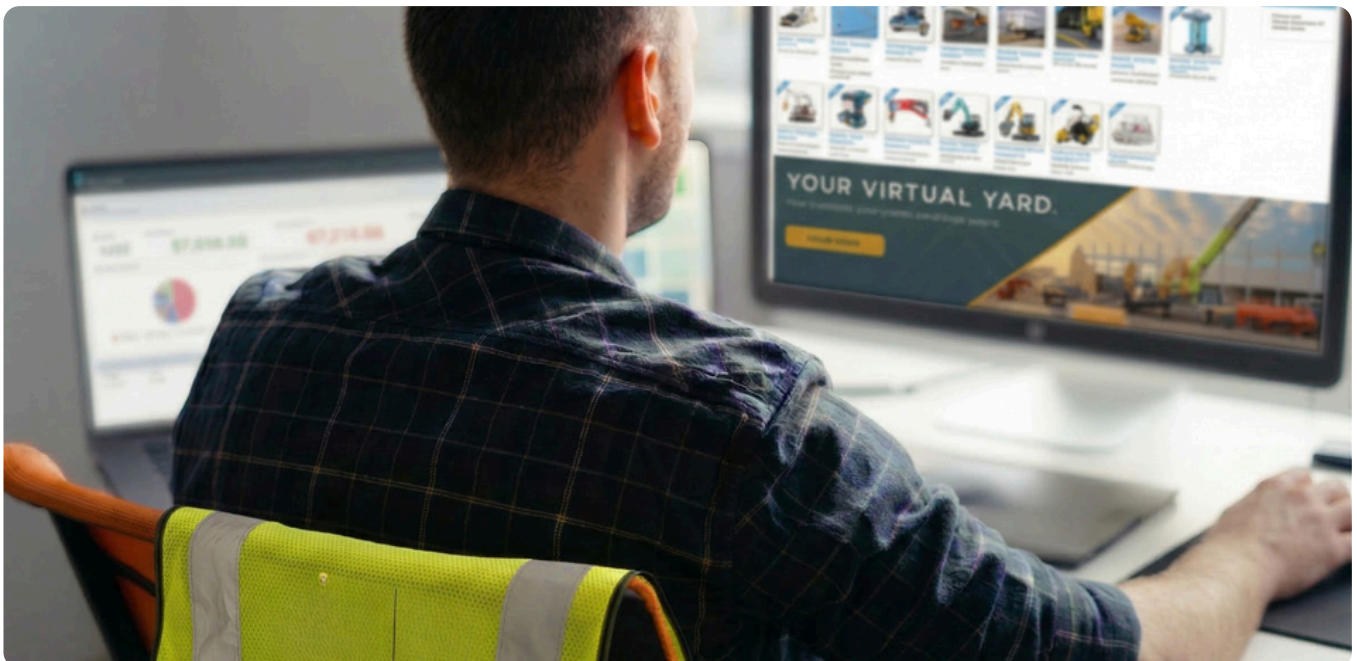
BEFORE

**7 steps, 3 re-entries**



**1 STEP, 0 RE-ENTRIES**

**Raised from the job contract, entered once**



## STAGE THREE

# Assigning units and getting them on the truck

This is the part most people picture when they think about equipment logistics: picking the specific serial number, pulling stock, loading the truck, and getting a signature at the gate. It is also the stage most teams already watch closely.

Even so, plenty of yards still pick stock with a pencil. Someone walks the shelves, writes down part numbers, then goes back to a desk and types them into a transfer.



SAME CAMPUS

### Moving a unit between jobs on the same site

Some owners track equipment by serial number and will not pay twice when a forklift moves from one job to another on the same campus. With no clean way to handle that on the contract, teams end up swapping in a different forklift just to avoid the argument.



2-WEEK BOOM REBUILD

### Downtime while on rent

Say a telehandler needs a two-week boom rebuild in the field. Without a way to handle downtime on the contract, the options are to transfer it back to the warehouse on paper, or leave it on rent and remember to issue a credit later. If a replacement gets re-rented in the meantime and the owned unit comes back early, someone also has to remember to call the re-rent off.

### Getting the yard and the contract to agree

- ☐ Pick lists and delivery tickets come from the same contract the request created.
- ☐ Yard staff scan bulk and serialized items on a phone instead of writing part numbers down.
- ☐ Deliveries, drop ships included, get signed for on arrival.
- ☐ Returns are checked against what was expected back, so shorts get caught at the yard.
- ☐ Project teams can see what is on order, on site, in transit, and due for pickup at their job.

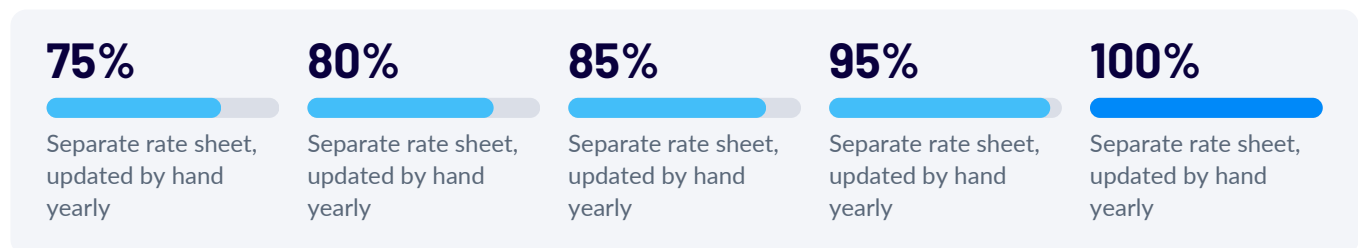
**SIDE NOTE** Telematics still earns a place here. Location and hour meter data help decide which unit to send. But a GPS ping cannot tell you who asked for the unit or which job should pay for it, so it works as an input to construction equipment management software, not a replacement.

## STAGE FOUR

# Billing the job

Billing is where the gap turns into dollars. For an internal equipment operation that means chargebacks for owned equipment, re-rent costs passed through, materials sold to the job, and the rental caps that limit what a project pays for long-term equipment.

Rental caps are a good example of what happens when billing rules live outside the contract. 'A rental cap, sometimes called a maximum charge or guaranteed max rate, stops internal rent once cumulative charges reach an agreed share of the unit's replacement value, so a project is never charged more than the machine is worth.' Projects often negotiate their own cap, such as 75, 80, 85, 95, or 100 percent of a unit value. Without cap handling built into billing, teams keep a separate rate sheet for each cap level and update every one of them by hand once a year. When the value behind the cap comes from the equipment model instead of a maintained replacement cost, a four-year-old telehandler can be capped against a new-unit price. And nobody can easily see when a unit has hit its cap and should be billing at zero, not the equipment team and not the project.



This is also where a lot of systems come up short. Handling purchasing is common. Handling rental caps without a custom build or a workaround is not.

## If rental caps need a workaround, the system was not built for internal equipment operations.

Price swings cause the same trouble. Lumber can move a few dollars from one month to the next. If updating the rate on an item number rewrites what last month should have cost, the only safe move is to create yet another item number.

### Putting pricing and caps where they belong

- ☐ Rates, markups, and rental caps follow each customer and contract, so every project keeps its negotiated terms without a pile of rate sheets.
- ☐ Cap rules are locked in when a line first bills, so later changes do not rewrite what has already been charged.
- ☐ Chargebacks build from the actual on-rent and off-rent dates.
- ☐ Project teams see the marked-up price on their paperwork, never the purchase cost.
- ☐ Billing flows to the ERP' is stronger with names: 'Billing flows to your ERP, including SAP, CMiC, Oracle, and Vista, instead of getting exported to a spreadsheet and rebuilt.

# Which stage costs the most

Look at where the most money moves without a reliable record. In the equipment divisions we work with, the order usually runs like this.

1

## **Sourcing, especially drop ships and one-off buys.**

This is where the same data gets entered the most times, which drives headcount and billing errors. Avoidable re-rents add a second leak, since you pay a rental premium while an owned unit sits in another yard.

2

## **Billing the job.**

Caps nobody can see, price changes that ripple backward, and credits that never match a PO make a profitable equipment division look like a cost center.

3

## **The job site request.**

Small mistakes here are cheap on their own, but they follow the order all the way through. A missing cost code at request time becomes an unbillable charge at month end.

4

## **Assigning units and dispatch.**

The most visible stage and usually the best managed. Worth tightening, but rarely where the big money goes.

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**Teams that only buy a better dispatch board, more GPS, or another ERP equipment module often get faster deliveries while re-rent spend, coordinator hours, and billing disputes stay right where they were.**

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# Bring a real order to the demo

**TIP**

If your equipment department supplies your own projects, judge any system on the whole trip from job site request to bill, not just delivery. The best test is to bring a real order to the demo, including a drop ship and a capped rental, and ask to watch it run start to finish with no workarounds.

## Check for



- ☐ Catalog-based job site requests, one-off item requests, cost code capture, and role-based approvals
- ☐ One availability view across owned fleet, re-rents, and stock
- ☐ Purchasing from the job contract, with returns tied back to the PO
- ☐ Pick lists and delivery tickets from the contract, with mobile scanning and signatures
- ☐ Rental caps and rates that follow the customer and contract and are visible to the project
- ☐ Chargebacks and re-rent billing built from actual on-rent and off-rent dates
- ☐ A real integration with your ERP' becomes: 'A standard integration with your ERP (SAP, CMiC, Oracle, Vista) for invoices, purchase orders, and AP, not a file export
- ☐ External rentals: can idle owned units be rented to a third party from the same contract and billing flow?

### Add your own

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# Score your equipment operation

Give yourself 0 for no, 1 for sometimes, and 2 for yes on each question. The total is out of 20.

|    |                                                                                                                      | 0<br>No               | 1<br>Sometimes        | 2<br>Yes              |
|----|----------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| 1  | Do job site requests arrive one way, with the job and cost code already attached?                                    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 2  | Can the person who asked check on an order without calling the yard?                                                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3  | Before anyone places a re-rent, can they see owned, rented, and stock options in one place?                          | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 4  | Is the cost, markup, and bill rate on a drop ship item entered only once?                                            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 5  | Can you bill a one-off item to a job without creating or reusing an item number?                                     | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 6  | Can you return an item against the original purchase order?                                                          | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 7  | Do pick lists and delivery tickets come from the same record as the rental contract, and get signed for at delivery? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 8  | Is each rental cap tied to the right customer and contract, with cap status visible to your team and the project?    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 9  | Can you change a price going forward without touching bills already sent?                                            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 10 | Can you answer "what are we billing this job for this item, and why" from one screen?                                | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

**TOTAL**

**/ 20**

## 17 to 20 Running like a business

Requests, sourcing, dispatch, and billing share one record. Put your energy into utilization and rate decisions.

## 11 to 16 Connected in places

Some stages run in the system, but people still carry information between them. Start with your lowest-scoring stage.

## 5 to 10 Running on spreadsheets

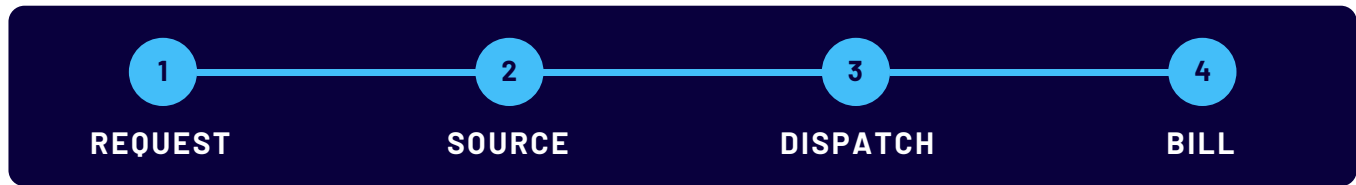
Most orders move by email and re-entry. Expect billing disputes and a coordinator team that grows with volume. Start with sourcing and billing.

## 0 to 4 Firefighting

Fix the job site request first. It is the fastest win, and it makes every later stage easier.

# How RentalResult closes the gap

RentalResult is built for contractors that run internal equipment as its own business. Internal rentals, re-rents, and external rentals to third parties run in one workflow, on one contract record, from the job site request to the bill in your ERP.



## 1 The job site request

Job Site Portal gives project teams catalog-based requests that capture project and task details up front, so a request takes under a minute. Role-based approvals, set by project or branch, keep the equipment team in control, and approvers can act from email.

## 2 Sourcing

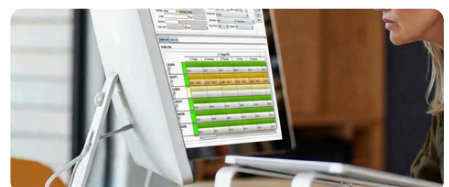
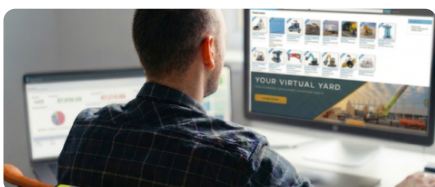
A re-rent or purchase order can be raised against a vendor right from the rental or sales contract, for one line or the whole order, with the ship-to address defaulting to the job site on the contract. Re-rented equipment follows the same contract, invoicing, pickup, and return steps as owned equipment. For vendors that run RentalMan, Re-Rentals Direct sends the re-rent quote straight into the vendor system and carries updates and cancellations across.

## 3 Dispatch

A picking note is created from the rental contract and converted to the dispatch, so the ticket and the contract match. Returns are checked against the quantity expected back, and short lines are flagged. The Signatures mobile app captures sign-off at delivery and pickup, and any quantity or line change at the gate holds billing on that contract and is flagged for review.

## 4 Billing

Capped rate charging applies a maximum charge based on replacement cost, which can be held by branch. Capping rules lock in when each contract line first bills, so later setup changes do not rewrite what has already been charged. Daily, weekly, four-week, and monthly rates and minimum charges run through charging calculation templates, re-rent invoices run in the same flow as owned equipment, and outbound interfaces send invoices, purchase orders, and AP to your ERP.



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# Bring us your hardest order

Pick a real order with a drop ship and a capped rental, and we will run it from job site request to bill with your team watching.

**Book a demo →**

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## Not ready for a demo?

Score your equipment operation in five minutes at [RentalResult.com/scorecard](https://RentalResult.com/scorecard).