TREATING EQUIPMENT LIKE A BUSINESS:

THE NEW MODEL FOR EQUIPMENT MANAGEMENT IN ENTERPRISE CONSTRUCTION

RentalResult by wynne systems

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Introduction: The Quiet Revolution in Equipment Management

Across the construction industry, equipment operations have long been seen as a background function, critical but rarely prioritized. Historically buried within procurement or scattered across job sites, these teams operated without full visibility, ownership, or accountability. But that is changing.

Forward-thinking contractors are starting to recognize what has been hiding in plain sight: equipment is not just a cost, it is a controllable asset and, increasingly, a revenue engine. Thanks to modern tech, evolving job site demands, and internal pressure to optimize margins, companies are restructuring equipment teams into standalone business units with their own leadership, systems, and financial goals.

Companies like JE Dunn, McGough Construction, and Turner Construction have already made the leap, standing up entities like Blue Hat Rentals, Six Side Supply, and First Equipment Company. These internal groups now operate like full-fledged rental providers, serving their own job sites and subcontractors alike with consistency, accountability, and profit in mind.

This eBook explores what is driving this shift in large construction companies and how different firms are executing it, serving as your blueprint for competing in the next era of equipment management.

Chapter 1: The Traditional Equipment Model and Why It's Breaking Down

For decades, equipment within large construction firms existed in a state of organized chaos. It was "managed," but loosely so, tagged, stored, moved, and billed using mostly reactive processes. Project teams would request what they needed when they needed it. Maintenance was deferred until necessary. Utilization data, if it existed, was a rough estimate. And financial oversight was limited to depreciation schedules and vague overhead allocations.

This model may have worked in an era of greater margins and less complexity, but those days are gone. The modern construction landscape demands accountability. Successful companies no longer tolerate idle equipment. Delays caused by unavailable equipment are not just logistical headaches; they are lost revenue. Internal teams and external stakeholders want to see where resources are going, how they are performing, and whether they are worth the cost.

As project timelines tighten and job site logistics become more sophisticated, the traditional model cannot keep up. Companies need to know what is in their fleet, where it is, what it is doing, and what value it is generating. They need a new model, one that treats equipment not as a passive necessity, but as a strategic asset.

Chapter 2:
What's Fueling the Shift to Internal Equipment Entities in Construction

The decision to spin off equipment operations into their own business units does not come out of nowhere. It is the result of mounting pressures that make the old way of managing equipment increasingly unsustainable. At the top of the list is margin pressure. Projects are bid tighter, and profit is squeezed from every direction. Equipment, once viewed as a sunk cost, is now being scrutinized as a potential driver of value, or a silent drain.

Another major factor is operational complexity. Construction firms today manage dozens, if not hundreds, of concurrent projects across regions, each with its own logistical demands. Equipment needs to move fluidly, show up on time, and perform reliably. Without a centralized structure and supporting systems, that coordination becomes impossible.

There is also growing recognition that utilization data, when harnessed properly, is a competitive advantage. By understanding what is rented, what sits idle, and what's over-deployed, companies can make smarter purchasing decisions, reduce waste, and better serve project teams. Finally, subcontractor relationships and job site coordination are a pivotal role in this shift. On complex job sites with multiple subcontractors and overlapping phases, delays and inefficiencies often stem from unclear equipment ownership, inconsistent fulfillment, or last-minute requests. By standing up a formal equipment entity that operates like a rental provider, with published rate cards, service-level agreements, and streamlined digital ordering, contractors can bring structure, speed, and predictability to these high-pressure environments.

Subcontractors benefit from more reliable access to equipment and clearer expectations, while internal teams gain visibility into usage patterns and asset availability. This approach also reduces conflict and confusion, especially on larger, multi-phase jobs where equipment is shared across multiple scopes of work. Over time, this level of control and consistency not only improves field execution but strengthens the contractor's reputation with clients and trade partners alike. It positions the firm as a reliable operator, not just in construction, but in logistics and planning, which increasingly defines success on modern job sites.

Chapter 3: How Leading Contractors Turned Equipment Into Standalone Business Units

There's no single blueprint for spinning off an equipment entity. The structure should align with each contractor's size, fleet mix, and strategic goals. However, real-world examples show how dramatically these models can differ while still delivering transformational results.

MCGOUGH CONSTRUCTION ➡ SIX SIDE SUPPLY

Six Side Supply, born out of McGough Construction, began as an internal solution to manage tools, rentals, and consumables, but quickly evolved into a standalone business entity with a much larger purpose. Initially seen as a back-office support function, Six Side is now a captive procurement company that operates independently to provide scalable, profit-generating services to McGough's job sites.

A captive procurement company in construction is a dedicated entity established by a construction firm to manage the acquisition and distribution of materials, equipment, and services exclusively for its own projects. This structure enables the firm to have greater control over supply chains, reduce costs through bulk purchasing, and increase efficiency and predictability in project delivery. By centralizing procurement functions, these companies can streamline logistics, eliminate third-party markups, and ensure consistent quality and availability of critical resources.

The company was formally separated to solve compliance and tax issues but soon revealed its greater potential: eliminating layers of markup, streamlining logistics, and generating significant profit on everyday construction materials. Today, Six Side is a centralized engine that supports not just internal equipment and tool fulfillment, but also large-scale procurement for commodities like switchgear, air handlers, and fabricated metals. McGough leadership now sees Six Side as an essential part of the project delivery model, not just a warehouse, but a strategic asset that brings stability, cost control, and agility to projects.

With dedicated warehouses in Minnesota and Texas, and a regional fulfillment model that allows smart equipment movement and drop-shipping, Six Side Supply has transformed the company's approach to internal logistics. The team has reorganized staffing, created a metal fabrication division, and invested in warehouse optimization to better support McGough's nationwide operations. Their goals are clear: reduce delays, eliminate waste, and standardize service.

Six Side Supply also brings profit visibility to the project level. Through internal tools and reporting dashboards, project managers can now see the revenue and margin generated by using Six Side Supply, turning procurement decisions into strategic levers.

Six Side Supply represents McGough's evolution from a traditional contractor into a vertically integrated builder, with a self-contained equipment and procurement division that is scalable, measurable, and deeply embedded in how projects are delivered.

TURNER CONSTRUCTION ➡ FIRST EQUIPMENT COMPANY (FEC)

Turner established First Equipment Company (FEC) as a separate business entity to shift equipment operations from an internal support role into a revenue-generating function. As its own organization, FEC allows Turner to treat equipment like a subcontracted service, renting not just to internal teams, but also to subcontractors on job sites. This structure opens new revenue streams, removes internal pricing caps, and enables wholesale purchasing for stronger margins.

The path toward launching a standalone equipment entity began with a more modest goal: streamlining and formalizing internal warehouse operations. Initially, the team explored building out a centralized department to improve efficiency across job sites. As they evaluated the potential, it became clear that the opportunity extended well beyond operational cleanup.

Rather than stop at departmental improvements, leadership made the strategic decision to go further, transforming the equipment function into a revenue-generating business unit. By spinning it off as a separate entity, they could capitalize on wholesale pricing, operate with greater commercial flexibility, and serve both internal teams and subcontractors. The decision wasn't just about improving operations, it was about capturing untapped revenue and future-proofing how equipment supports the business.

Rather than expanding headcount or locations, Turner is reorganizing existing roles to better align with the new structure. Shop managers now operate more like vendor reps, engaging directly with project teams on pricing, fulfillment, and service. With improved visibility across regional shops and standardized internal processes, Turner can now operate its equipment business with greater consistency and control.

FEC's equipment strategy focuses on owning high-margin, frequently used assets, such as light towers, bathroom trailers, and generators, while continuing to outsource heavier, high-liability equipment to third-party rental houses. This allows Turner to maintain agility and avoid unnecessary risk or overhead.

Rather than stop at departmental improvements, leadership made the strategic decision to go further, transforming the equipment function into a revenue-generating business unit. By spinning it off as a separate entity, they could capitalize on wholesale pricing, operate with greater commercial flexibility, and serve both internal teams and subcontractors. This approach mirrors the company's broader strategy seen with other internal service divisions, such as SourceBlue, a wholly-owned procurement group that manages the end-to-end sourcing of materials and equipment through open-book pricing and global supplier networks. The decision wasn't about improving operations, it was about capturing untapped value and futureproofing how equipment supports the business.

SUFFOLK CONSTRUCTION ➡ FUSE GROUP

Suffolk launched Fuse Group as a standalone entity to centralize equipment, logistics, and support services across its job sites. Rather than managing equipment through scattered project-level processes, Fuse provides a unified, scalable model that streamlines fulfillment, improves asset visibility, and strengthens Suffolk's operational control.

Fuse is responsible for sourcing, maintaining, and distributing job-critical assets, such as fencing, power units, and general requirement tools, across the company's national footprint. It helps Suffolk determine what to own, lease, or rent, and ensures equipment is job-ready and available when needed. The result is reduced downtime, improved asset utilization, and better ROI on owned equipment.

Operating as an internal subcontractor, Fuse bills projects directly, has dedicated leadership, and uses centralized data to optimize logistics and service. While built to support Suffolk, it's structured for future scalability, potentially expanding beyond the company's current operations.

By treating equipment and logistics as a strategic business unit, not just a back-office function, Fuse enhances Suffolk's ability to execute complex projects efficiently and consistently. It's a shift from reactive fulfillment to proactive control, turning job site support into a source of value, not overhead.

The Common Thread: Treating Equipment Like a Business

Although Six Side Supply, FEC, and Fuse Group have different structures, they all operate under the principle that equipment should be managed as a business rather than treated as overhead.

Each contractor shaped their entity around their unique needs. McGough prioritized procurement and supply chain control through Six Side Supply. Turner focused on revenue generation and operational autonomy with FEC. Suffolk consolidated job site support into Fuse to ensure consistency and reliability across projects. These models vary, but they all converge on the same outcome: greater control, higher margins, and smarter execution.

What makes this transformation sustainable is the technology behind it. Whether it's standardizing internal rates, automating job site fulfillment, tracking profit per transaction, or optimizing asset sharing across regions, software is the operational backbone. These systems are not just tools; they're the infrastructure that allows each entity to scale, measure performance, and drive continuous improvement.

By investing in a purpose-built platform, each firm has created a foundation to treat internal equipment management with the same rigor and expectations as any external vendor. Software enables accountability. It enables visibility. And most importantly, it enables these internal groups to operate not as cost centers, but as fully functional business units.

In the end, there's no one-size-fits-all model, but the companies leading this shift prove that when technology, structure, and strategy align, equipment operations becomes a meaningful competitive advantage.

Chapter 4: Internal Rentals and the New Revenue Engine

emerge. These programs allow companies to allocate equipment costs accurately, recover expenses, and even generate margin, all while staying within the same organization. It's a concept long used in manufacturing and logistics, and now gaining momentum in construction.

According to the American Rental Association (ARA), the U.S. construction and general-tool rental market exceeded $83 billion in 2024 and is forecast to grow another 5.2 percent in 2025, reaching $87.5 billion. Rental penetration, the percentage of equipment use sourced from rental providers, hit a record 57 percent in 2024, significantly higher than pre-pandemic levels.

What does this mean for GCs? By building their own internal rental divisions, they're capitalizing on the exact trends that are fueling the external market. Instead of outsourcing an estimated half of their fleet needs to third-party rental houses, companies can recapture that spend as internal revenue, improve utilization, and tighten control.

ARA emphasizes that optimizing utilization is key to profitability: each hour of downtime is a lost revenue opportunity. GCs that bring equipment services in-house achieve the same efficiency and financial discipline as rental operators, only made possible through integrated software to track physical and dollar utilization.

In practice, this shift is more than accounting, it changes behavior. Fleet routing is managed effectively between assignments; idle assets are used and generate revenue; and capital decisions are made strategically rather than reactively.

An internal rental model creates visibility into how assets are used and where costs are generated. It supports accurate job costing, strengthens compliance, and makes it easier to justify capital expenditures. It also opens the door for controlled external rentals, leasing equipment to subcontractors or affiliated entities on the same job sites, with full tracking and invoicing. This not only increases utilization but also reduces the need to rent from third-party vendors.

Chapter 5: The Tech Foundation of a Modern Equipment Business

Spinning off an equipment entity into a true business unit isn't just about structure; it's about infrastructure. Without the right technology, even the best operational strategy will hit a wall. Modern equipment divisions operate across multiple projects, regions, and departments. They're responsible for revenue recovery, internal chargebacks, forecasting, maintenance, and performance reporting. And that complexity demands more than a tracking tool, it requires a fully integrated, customizable platform that can serve as the system of record for the entire operation.

Take Six Side Supply, McGough Construction's standalone procurement and equipment division. As the division expanded, their original system configuration no longer aligned with their business model. As McGough began building out their equipment entity, they saw RentalResult not just as a system to adapt, but as a platform to grow into. Instead of working around legacy configurations, they returned to discovery and reimagined their use of the technology, leveraging its full capabilities to align with their long-term operational goals.

This rebuild wasn't cosmetic. It involved redefining how Six Side handled order intake, billing, procurement, and intercompany transactions. One key customization was the development of a reverse rental contract process, turning standard back-to-back rental workflows into purchase-and-sale flows that automatically generated the appropriate internal markups. They now bill jobs accurately, reflect margins at the transaction level, and eliminate duplicate entry across departments.

Most importantly, McGough leadership now uses system-generated dashboards to show project teams exactly how much profit they're generating by sourcing through Six Side Supply. This turns internal procurement into a performance metric, something project executives can measure, question, and optimize. It's no longer anecdotal or subjective; it's a line item that flows into McGough's broader profitability reports.

This kind of transformation is only possible with a solution built for scale, one that can be configured to mirror real-world business needs, not just basic asset tracking. Unlike lighter tools like Align (formerly ToolWatch) or visibility-only platforms like CLUE, RentalResult is designed for operational and financial control. It supports serialized and non-serialized equipment, automated uplift and chargebacks, ERP integration with platforms like SAP and CMiC, and the complex intercompany workflows that come with scaling an internal rental business.

Simply put, a modern equipment entity can't run on spreadsheets or basic tracking apps. It needs a foundation, a system that connects the yard to the ledger. From regional transfers to contractor billing, from forecasting to performance dashboards, the software must simplify the real complexity of the business. Without it, internal rentals remain reactive and under-optimized. With it, they become a predictable, profitable engine of growth.

Chapter 6: Embedding Equipment Strategy: Aligning Teams Around a New Way of Working

Transforming an equipment department into a true business unit doesn't end with org charts and software. The final, and often most underestimated, step is culture change. After building the structure and implementing the systems, companies must turn their attention inward: aligning field teams, project managers, and finance leaders around a new way of working. The shift isn't just operational, it's behavioral.

One of the most noticeable changes comes from replacing fragmented, branch-specific practices with a unified, standardized model. In the old world, equipment managed locally. Some branches used spreadsheets, others relied on phone calls or walk-ups. These siloed methods led to inconsistencies, delays, and miscommunication. In the new model, powered by a centralized entity and purpose-built technology, every branch operates under the same playbook, with shared processes for requesting, dispatching, billing, and returning equipment. This alignment reduces friction and makes it possible to scale with confidence.

Equally important is the move from informal requests to structured equipment orders. For field teams accustomed to flexibility, this can feel like added bureaucracy. But in reality, it's a discipline that improves turnaround times, prevents bottlenecks, and ensures job sites have what they need, when they need it. When everyone understands that equipment is now a measurable, chargeable resource, behaviors change. Requests become more accurate. Planning becomes more intentional. Visibility improves across the board.

Another key shift is in staffing and support. Many contractors aren't reinventing their teams, but they are augmenting them with roles that bring rental, fulfillment, or logistics expertise. These individuals act as internal catalysts, helping bridge the gap between traditional construction workflows and the more structured, performance-driven model of a modern equipment entity. Their presence raises the standard, speeds up adoption, and ensures that operations and field teams stay aligned.

Chapter 7:
The Strategic Advantage of Equipment Entities

Contractors who spin off their equipment divisions gain more than operational efficiency; they position themselves as more attractive, comprehensive partners on the projects they pursue. With stronger visibility into fleet performance and spending, they can make smarter decisions about capital investment and fleet mix, while giving project teams more predictable access to the equipment they need. Internal rental pricing can be aligned with job-specific constraints, helping project managers control budgets without compromising delivery or uptime.

One of the biggest benefits mentioned by those already leading this shift is how it elevates their value proposition. By offering in-house logistics, equipment availability, and fulfillment, they become more than just a contractor, they become a one-stop shop. Owners and developers appreciate the simplicity and reliability of working with a GC that doesn't need to rely on external providers for critical job site needs. This operational self-sufficiency can be a deciding factor in competitive bidding environments.

Additionally, reducing third-party rentals lowers overhead and improves project profitability. With greater internal utilization, companies can scale their operations more effectively without matching growth with external spend. Internally controlled equipment movements reduce bottlenecks, speed up site readiness, and ultimately drive better client satisfaction.

Spinning off equipment operations isn't just about creating a new line of business; it's about delivering a differentiated experience to your customers and building an infrastructure that sets your company apart in a highly competitive market.

Chapter 8:
How Internal Equipment Entities Will Evolve and Expand

The role of equipment in enterprise construction is becoming more defined, more structured, and ultimately, more impactful. As more general contractors make the shift to dedicated equipment business units, we're likely to see continued refinement, not just in operations, but in how these groups contribute to broader project delivery strategies.

Internally, these equipment divisions will operate less like support functions and more like specialized partners within the organization, measured by utilization, profitability, and service delivery. Many will serve multiple internal customers across regional offices, acting as centralized providers that standardize how equipment is requested, moved, and billed.

For some firms, this may extend beyond internal use. As their operations mature, a select few may begin serving external partners or subcontractors with excess fleet capacity, especially on long-term projects. The goal isn't necessarily to become a rental company, but to maximize the value of owned assets and provide more control over fulfillment.

Technology will play a central role in this transition. Tools that tie together job site planning, fleet tracking, financial management, and internal marketplaces will become essential infrastructure. The ability to forecast need, assign resources across teams, and recover costs automatically will separate companies that run equipment like a business from those that still treat it as overhead.

In the future, equipment management won't just support the business, it will reflect the business. The most effective contractors will be those who align equipment strategy with company goals: consistency across branches, greater control over field logistics, and the ability to scale with confidence.

Chapter 9: Conclusion: Rethinking Equipment as a Strategic Asset

Enterprise contractors are increasingly recognizing that how they manage equipment isn't just an operational concern, it's a strategic decision. As margins tighten and project complexity grows, internal equipment operations that once functioned quietly in the background are being reexamined for what they are: a potential source of value, efficiency, and control.

Spinning off equipment into a standalone business unit is not about building something entirely new; it's about doing more with what already exists. The companies leading this shift have proven that when structure, technology, and process align, equipment management can drive measurable impact. It improves internal coordination. It reduces third-party dependency. It clarifies costs and performance. And it allows companies to move faster and operate with greater predictability.

The path forward won't be identical for every contractor. Some will focus on internal rentals and cost recovery. Others will scale into broader procurement or external rental models. But the common thread is a more intentional, accountable approach to equipment, supported by systems that track utilization, enable internal billing, and surface data that informs smarter decisions.

If you're asking whether this shift makes sense for your organization, start by asking:

- Do you have clear visibility into how your fleet is used?
- Are internal teams aligned under a consistent system and process?
- How much spend could be recaptured by managing equipment internally?
- Does your tech stack allow you to operate your equipment group like a business?

The answers to these questions reveal opportunities that have been overlooked for years.

Want to Learn More?

At Wynne Systems, we work with contractors who are navigating this shift, helping them move from fragmented processes to connected, data-driven equipment operations. If you're ready to explore what this could look like for your organization, visit **WynneSystems.com/RentalResult.**

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