

CASE STUDY //

LIFTING RENTAL EQUIPMENT //

REVERSE LOGISTICS

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MARCH, 30 2016

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Lifting Rental Equipment // Reverse Logistics



SUMMARY //

BlueGrace Logistics had the opportunity to work with a company that maintains the most comprehensive inventory of hoisting, rigging, jacking, pulling, material handling, and safety equipment. This company is the United States' single largest organization devoted exclusively to the provision of lifting and moving equipment for rent.

SCENARIO //

Within their industry, this company has a well-earned reputation for best in class customer service. However, faced with changes brought on by rapid growth, they experienced increased inventory management costs and a negative impact on invoicing as a result of delays associated with rentals placed in Off-Hire status but not yet returned to them.

THE BLUEGRACE CHALLENGE //

Develop and implement a scalable Reverse Logistics Solution for improving Off-Hire returns of rental equipment.

This company had no formal Reverse Logistics process for the management and timely return of rentals once they were placed in Off-Hire status. Additional challenges included poor technology for tendering, inaccurate status updates along with no formal process for the management of returns. There was a lack of coordination at the point of pickup. Customers were not prepared for carrier pickup of the equipment and in some instances the carrier did not attempt pickup due to various reasons that included incomplete tender information for the job site.

Additionally, shipments were being returned without notification to this company, creating a situation where returned rentals were not being removed from Off-Hire status and placed back into inventory but not showing as available. There was clearly a GAP in information flow and a loss of productivity driven by reactive management of the Off-Hire return process. Notwithstanding was the impact to cash flow since clients were not invoiced until a rental was returned and removed from Off-Hire status.

EVALUATION //

Without a functional and scalable process, Off-Hire returns would continue to be an area of inefficiency and increasing cost. As a result of the BlueGrace 30 Day review, substantial information was collected from this company and their customers. Each Off-Hire shipment not picked up timely was investigated for root cause. As a result of our research, Blue Grace Logistics documented issues that prevented timely returns and proper equipment status within their IMS (Inventory Management System). We then evaluated their returns process and conducted a GAP analysis for determining process changes.

As an example, on all tendered shipments shown as not picked up and in pending status, we built and documented the following Off-Hire process:

1. If the shipments were not picked up or had a missing pro number in the TMS, BlueGrace contacted the carrier and inquired as to root cause behind the missing information.
2. Once the reason was given, BlueGrace created a SmartSheet (Client Sharing Project Management Document) log for tracking carrier's reasons and then contacted the customer to confirm missing information.
3. When talking with the customer, BlueGrace then confirmed pickup information and cross referenced with TMS (Transportation Management System) load tender.
4. BlueGrace then verified all required information provided by this company prior to tender to determine accuracy at time of rental being put in Off-Hire status.
5. BlueGrace determined root cause for why item was not returned and developed a corrective action that is documented as a best practice within the Off-Hire returns process and outlined in the client Reference & Procedure Manual.

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By reengineering the Off-Hire Process, BlueGrace developed an automated log of reason codes and determined that a major reoccurring cause for delay in rental returns was the result of inaccurate information provided to the carrier prior to pick up. Some additional reasons for delays in rentals returns included:

1. Inaccurate information in their IMS (Inventory Management System)
2. Poor collaboration between this company & BlueGrace to identify inaccuracies early in the return process
3. Multiple carrier contacts by multiple people within this company
4. Need for accountability on the frontend of the process to insure accurate information in their IMS
5. Lack of timely response on internal inquires when updated or correct information when required
6. Proper documentation of each transaction
7. Inaccurate information in carrier systems as to the status and or reason for a missed pickup
8. Use of available technology for more efficient management of the Off-Hire process

RECOMMENDATIONS //

As a result of our evaluation the BlueGrace Enterprise team developed a comprehensive Reverse Logistics Management Solution that promotes return excellence. Our objective was to improve cycle time for returns with the benefit of scalability as this company grows. We assigned a dedicated transportation industry veteran to manage the evaluation and engineering of the solution and engaged with our IT team to integrate and maximize available technology.

Our BlueGrace project management model was executed flawlessly using our four step process allowing the Enterprise team to dig deep into the stated challenge. **Discover-** Research and analysis of current processes, **Engineer-** Build the solution and plan for integration of process improvements, **Execute-** Implement recommendations/support and finally **Perform-** Measure, review and ongoing process improvement. With the Blue Grace solution in place, they were able to **improve return rental cycle time by 7.3 days, reduce pickup information errors by over 95% and speed up invoicing of returned equipment by 80%**. Additionally we realized a reduction in complaints and the amount of time spent on service recovery.

This company and BlueGrace have built a true partnership and continue to work closely on various projects. Research, technology and experienced staff on both sides of the relationship work together to find sustainable solutions. The time invested to improve the rental return process has also increased customer confidence, which helps propel growth and benefits both this company and Blue Grace Logistics.

ABOUT BLUEGRACE //

Founded in 2009, BlueGrace Logistics is one of the largest third-party logistics (3PL) providers in the United States. With over 500 employees and working with over 10,000 customers to provide successful shipping solutions, the company has achieved explosive growth in its nearly 10-year operating history. Backed by a \$255 million investment by private equity firm Warburg Pincus, the company operates 11 locations nationwide, and its headquarters are in the sunny Tampa Bay area of Florida.

For more information, visit www.mybluegrace.com

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