

9Wood Thrives During Economic Downturn, Eliminating Write Offs And Selling on Credit To More Customers

0.01%

Total Uncollectable Debt

26%

Revenue Increase

98%

Filed Liens Paid

“All our big Accounts Receivable problems are from before we started using Zlien. We wish we would have started sooner.”

-- Charley Courey, CEO



DIVISION 9 ENGINEERED-TO-ORDER WOOD CEILINGS

About 9Wood

9Wood markets itself as "Your Wood Ceiling Experts. Design to Delivery." They are an engineered-to-order manufacturer of wood ceilings, producing 100% custom products to a customer's specifications. And when the wood ceiling product is produced, it's shipped to locations all across the United States. 9Wood relies on *zlien* to manage and protect their lien rights across North America.

Challenges Before *zlien*

9Wood is a mid-sized business that ships beautiful custom made wood ceilings to construction projects across the country, but with business everywhere and such a specialized product, it was a challenge to properly gauge the credit risk of unfamiliar customers and to navigate collecting in so many jurisdictions. 9Wood identified the following challenges experienced before adopting *zlien*'s technology:

- Missed notification and lien deadlines.
- Picky about which customers qualified for credit, and the credit terms.
- Difficulty in getting defaulted customers to pay in timely manner, or ever.

Solution: LienPilot Tracks Lien Compliance Requirements

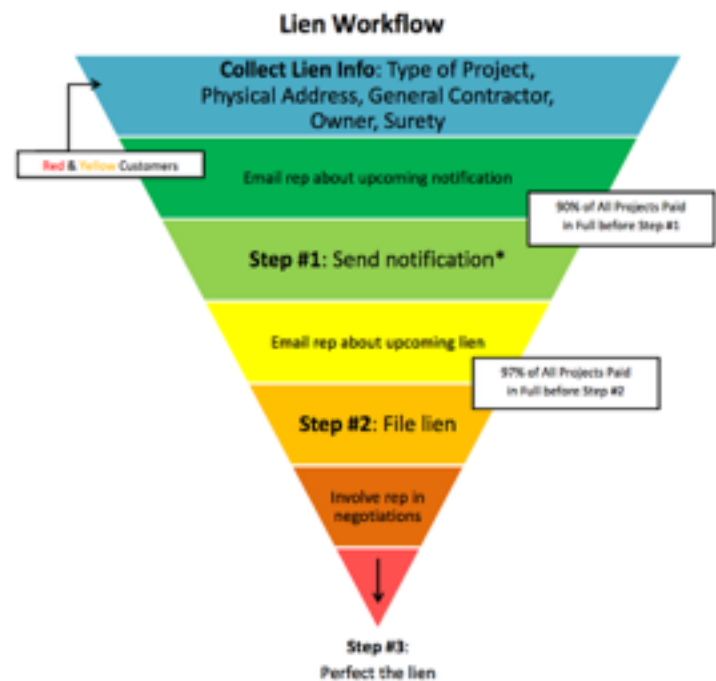
9Wood adopted a lien policy separating customers into risk categories, and committing the organization to put all medium-to-high risk projects through *zlien*'s LienPilot system. The company used the LienPilot application to calculate all preliminary notice requirements and lien deadlines, and filed any required notices or liens as they became due.

9Wood's lien policy created a "payment funnel."

Since payment is due to 9Wood before shipment (but after manufacture), most projects are paid before shipment, and therefore, preliminary notice is ordinarily not required. However, notice is sent when due if the project is not paid. This usually results in payment.

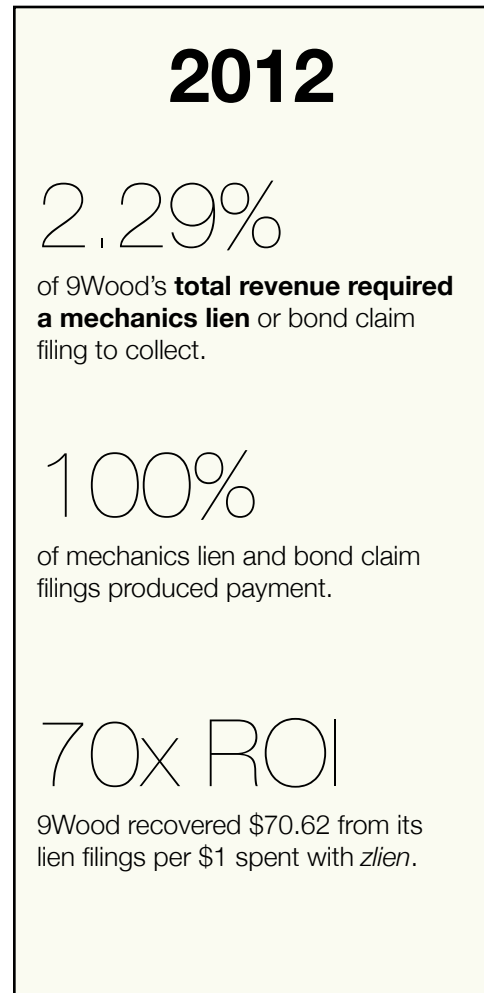
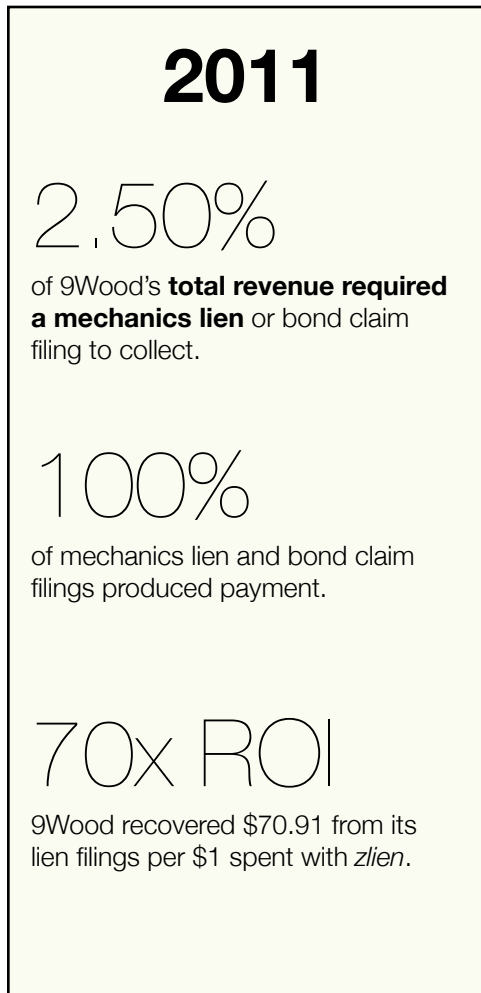
If the project remains unpaid, a lien is filed, and this usually results in payment. If payment still remains due, the lien is perfected with foreclosure.

The "payment funnel" filters non-paying projects, reducing them in number from step-to-step.

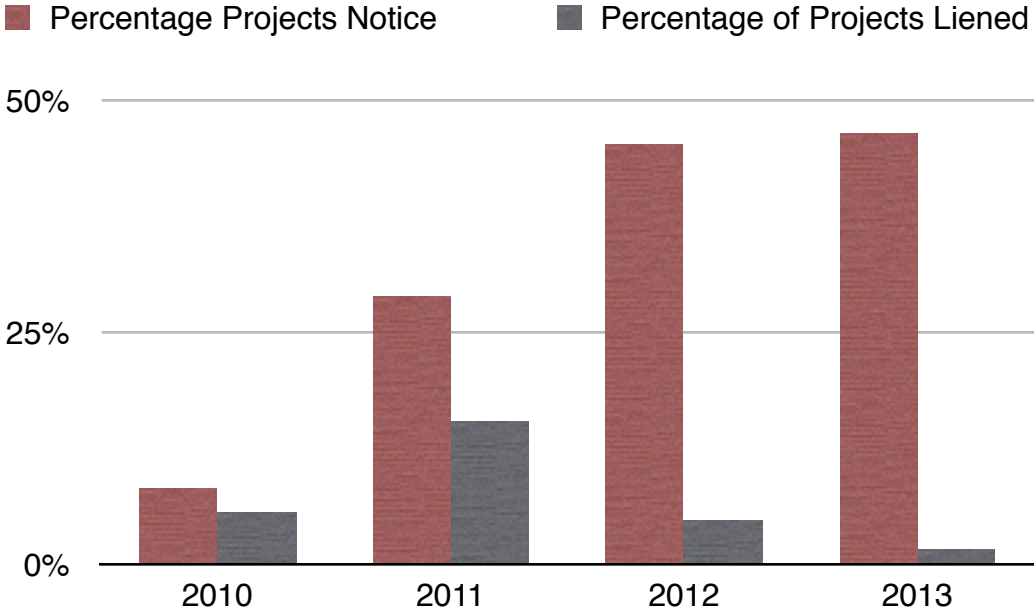


Results: Eliminating Bad Debt with High Credit Risk Customers, And Enabling The Company To Offer Credit Terms (And Make The Sale) To More Customers

- Since adopting, revenue increased over 26% during the recession years
- Completely eliminated (< 0.001%) write offs
- At least 70x Return on Investment
- Confidence for sales team to sign contracts with unfamiliar or risky customers



Delivering a preliminary notice has the effect of prioritizing an account with the customer. Demonstrating the importance of sending preliminary notices, as the use of preliminary notices increased for 9Wood, the percentage of accounts requiring a lien or bond claim filing decreased.



9Wood adopted zlien's technology in 2010. As they sent more preliminary notices, the percentage of projects that later required a mechanics lien or bond claim filing decreased.

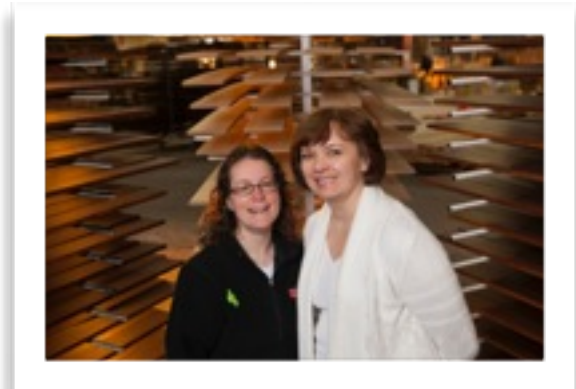
Interview with 9Wood

How do you use *zlien*?

We use Zlien to be aware of our lien rights. We ship to many different states and without Zlien we would be unable to follow the many complexities of lien laws. We also use Zlien to file lien paperwork.

What is your favorite thing about *zlien*'s services?

All the research we don't have to do on lien deadlines and requirements in each state. Also, the ability to track timelines and due dates.



What is the most painful thing about mechanics lien and notice management that *zlien* has helped solve?

Before we started using Zlien, we often missed notification deadlines because they were often much earlier than we expected them to be. Now we have advance notice for upcoming deadlines and don't miss the narrow window of opportunity to preserve our lien rights.

How has *zlien* improved your accounts receivable management?

We now avoid collection problems, since a timely-filed notification includes the General Contractor and owner and encourages our customer to pay us. All our big Accounts Receivable problems are from before we started using Zlien. We wish we would have started sooner.

How has *zlien* helped your company grow and make more money?

We did not have good options for taking on risky customers. The tool we used the most was the joint check agreement, and would only do business with a risky customer if they provided a joint check agreement. We have a lot more options now if we want to work with someone who has risky credit or can't pay the deposit up front. We have used our lien and bond claim rights many times in these situations successfully.

What is most surprising about your adoption of *zlien*'s platform?

We have used *zlien* successfully a couple different times to bring negotiators to the table. After they heard we were preparing the lien, a settlement was worked out and payment was received.

Since adoption *zlien*, has 9Wood had any write-offs at all?

Since we started using *zlien*, all bad debts were from customers we opted out of using *zlien* to secure; these are related to customers that were originally labeled with "good credit" and were not run through *zlien*.