

# NCS

Securing Your Tomorrow®

## Implementing a Notice, Mechanic's Lien and Bond Claim Program

A Case Study

### THE CAPTIVE-AIRE STORY...

For over 8 years, Mike Day has worked in finance and accounting with Captive-Aire, Inc., and is currently their Corporate Controller. Captive-Aire, Inc., a national leader in manufacturing commercial ventilation equipment based in North Carolina, maintains a network of 70 sales offices and 6 manufacturing plants throughout the U.S. and Canada.

As the Corporate Controller, accounts receivable is at the center of Day's responsibilities and keeping DSO low is critical. High DSO and bad debt write-offs were a constant challenge for Day—until he discovered NCS and the mechanic's lien process.

#### HIS STORY

When the economy collapsed in 2008, Captive-Aire's receivables, much like many companies throughout the country, were in jeopardy. Customers that had previously paid in a reasonable and timely manner were now paying late or not paying at all.

Captive-Aire was missing opportunities to secure payment for the materials they provided to construction projects. The mechanic's lien process was not a regular part of Captive-Aire's credit practices. In fact, according to Day, it was a foreign concept.

"I didn't know anything about mechanic's liens. We'd be in the difficult situation of not being paid and someone would ask 'can we file a mechanic's lien?' and realize we couldn't because we didn't serve a notice or we missed a deadline. And even though I was shown how to file a lien, I didn't fully understand the process."

Despite the fact that the mechanic's lien world was uncharted territory for Captive-Aire, Day was charged with implementing a comprehensive mechanic's lien program. Day knew he wouldn't get far unless he developed a fundamental understanding of the process, so he attended a free NCS webinar: Mechanic's Liens 101.

"The webinar jump-started me with ideas!" And, like all good ideas, they prompted him to identify the trouble spots in their process like failing to serve preliminary notices, missing critical deadlines and only pursuing mechanic's liens sporadically. Day's biggest obstacle? Finding a way to track deadlines in all 50 states and Canada. Successfully tracking deadlines would put Captive-Aire on the road to serving timely notices and filing valid mechanic's liens.

#### CAPTIVE-AIRE MEETS NCS

Once he identified a starting point, Day sought guidance from NCS. The first step, and arguably the most challenging step, in a sound mechanic's lien process is obtaining job information. NCS worked closely with Day to determine what project information Captive-Aire was already capturing and what information Captive-Aire still needed to obtain.

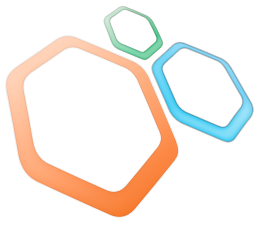
Day & NCS confirmed that Captive-Aire already had the necessary project information within their internal systems. NCS then recommended Day save his valuable time by transmitting the project information to NCS electronically.

NCS and Captive-Aire worked together to create a process that would help Captive-Aire track deadlines, send notices and file mechanic's liens via an electronic data transfer.

With the electronic data transfer in place, Captive-Aire's projects were imported to NCS Online Services, their deadlines were tracked and the preliminary notices were served timely. Day quickly saw the positive impact of the mechanic's lien process.

"Since partnering with NCS and implementing the notice to owner program, we've reduced our DSO by 30%!"

CONTINUED...



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### THE CAPTIVE-AIRE STORY CONTINUED...

#### PROJECT INFORMATION

Due to his high volume of service requests, it was Day's priority to make the process as efficient and automated as possible.

Captive-Aire emails NCS a formatted .csv file (a type of spreadsheet), which includes the critical project information Captive-Aire extracted from their internal system. NCS then imports the .csv file to NCS Online Services. Experts in the Construction Services Group review Captive-Aire's projects and serve the preliminary notices accordingly. To maximize efficiency, Captive-Aire is not only submitting their initial service requests, but updating their furnishing dates and contract and claim amounts. This is all done electronically and does not require any manual data entry or manipulation.

After the preliminary notice has been served, Captive-Aire's deadlines are tracked within NCS Online Services and, as deadlines arise, Day is notified via email alerts and the interactive Online Services dashboard.

"I'll get an email from NCS, and whether I need to close the file or file a lien, I just click a button. It's very easy on our end. When the mechanic's lien prompts payment, I click a button that releases the lien or if I need a lien waiver, I can get that on the website with the job information and wording and just print, sign, and send it."

The breadth of NCS services and the routine follow up from NCS experts ensure that Captive-Aire is in the best possible position to get paid with the added perk of saving Day's valuable time.

"We know what action needs to be taken next due to NCS' efficiency. If we don't get paid after we file a lien, NCS contacts us 3 months after the lien filing to see what we want to do next. The next action could be a demand letter, or we might file suit to enforce the lien. NCS can handle either of those actions."

#### MORE THAN JUST A MECHANIC'S LIEN

Now that this process is in place for Captive-Aire, Day recognizes that protecting your rights involves more than just filing a mechanic's lien.

"I was handed liens, but I ended up with a notice-to-owner program. That was the better solution. The notice-to-owner program is one of the feathers in my cap. I always love to talk about it.

Mechanic's liens are powerful tools. But through the notice-to-owner process, we found notices work wonders as well. They work because you're announcing to the contractual chain on the job 'I'm out there!'

We appreciate the service NCS provides in the area of protecting our mechanic's lien rights."

***"Since partnering with NCS and implementing the notice to owner program, we've reduced our DSO by 30%!"***

– MIKE DAY, CORPORATE CONTROLLER  
CAPTIVE-AIRE, INC.