

Industry Leaders
Young Guns Profile



(Photo courtesy of Collection Advisor magazine.)

Matt Phillips and Adam Cohen

Co-Chairmen/CEOs, Phillips and Cohen Associates Ltd.

Matt Phillips and Adam Cohen head up one of the best-managed collection agencies in the country, Phillips and Cohen Associates, Ltd. Their near-obsessive focus on client service, combined with the drive to instill a Best in Class vision in all of their employees, made them a natural selection for Young Guns 2005.

Q. How did you get into the collection industry?

Matt Phillips: After graduating from Penn State University I was given the opportunity to join a local agency as a collector. After working there for a year, I was promoted and made the company's first collection manager. Two years later I was running the marketing department. After being with the agency for 5 years I felt there was an opportunity to start a company that was more diverse in the services they offered clients and began my own agency with Adam Cohen in September of 1997.

Adam Cohen: While working as an associate for a real estate law firm, I felt there were other challenges worth pursuing. After being reintroduced to Matt Phillips, who was handling sales and marketing for an agency in New Jersey, I interviewed and was hired to handle compliance and create a legal network. Once there, however, I spent most of my time learning to collect on the collection floor. I took a cubicle in a collection group because it was clear that you couldn't represent a business without understanding the industry. Although I wasn't at that agency very long before starting Phillips and Cohen Associates Ltd., it was a rewarding experience and began my true affinity for the collection business. I still love the pace of collections today.

"We succeeded in this business by creating a corporate philosophy to be Best in Class in everything we do."

Q. Explain the trajectory your career took to reach your current role?

Matt Phillips: In order to compete with over 6,500 collection agencies we knew we had to offer services that other agencies were not. We did this initially by marketing our company as a true hybrid between a collection agency and a law firm. Our first client was Advanta Business Services. Shortly after starting business with them, they sent out a letter asking what value added services could their agencies provide to help Advanta grow its business. After some investigation, we found that bankruptcy and deceased accounts were most plaguing our client. It was then that a new division of Phillips and Cohen was born called The Creditors Rights and Bankruptcy Group. Today, this division makes up about half of our business and has made us a dominant leader in both of those services.

Adam Cohen: We were also fortunate after a couple of the mega creditor mergers and acquisitions at the end of the nineties. Strong performance for one party to a merger typically meant that we would get work from the second creditor as well. That didn't mean it wasn't daunting, but we focused on what we could control, our service.

Q. What is special or different about Phillips and Cohen Associates' approach to collections compared to other firms you have seen?

A. Once we became established as a post chargeoff agency, we began to focus on other areas of need for potential clients. It is that focus that differentiates Phillips and Cohen Associates Ltd. from other agencies and law firms. While we are proud of our national reputation for chargeoff recovery and we compete in that arena everyday, it is our highly specialized areas of collection that make the difference for our clients, whether they are originators or debt buyers. We provide deceased debt recovery, bankruptcy services, pre-litigation collection, arbitration and litigation management services for our clients. In fact, we are often providing four of five services concurrently. Nothing strengthens a relationship more than being responsible for and delivering a number to our clients on so many levels. It can create some extra pressure at times, but if you don't thrive on pressure, you are in the wrong business. Everyone at Phillips and Cohen Associates Ltd. has the will to win and demonstrates it each day.



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Q. What direction do you see the collection industry moving in the next 5 to 10 years?

A. The industry will continue to consolidate over the next 5 to 10 years. While the largest agencies will certainly be involved, we believe the midsize agencies will provide the main fuel for the next industry consolidation. With so many midsize agencies providing specific recovery services, there will be many opportunities to create scalability without any preexisting overlap of services. At the same time, however, there is a true benefit to maintaining the "midsize" label. Many creditors, especially in the credit card and auto arenas, want the large agency recovery numbers but without sacrificing the smaller agency service. The midsize agencies have filled and will continue to fill that role.

There will also be competition from off-shore call centers in the post-chargeoff market. While almost all off-shore "hot spots" cater to outsourcing pre-chargeoff paper, we will see third-party, post-chargeoff work hit those markets. While on a much smaller scale, it will eventually affect contingency fees in the domestic market, especially for debt buyer paper. Debt buyers have different expectations and needs than originators. Both focus on recovery numbers and expenses, but buyers are much more focused on their margins because the prices are now at a point where every basis point matters. At some point in their recovery cycle, they will sacrifice a portion of the recovery number if the expenses are low enough. Our response is that you get what you pay for.

Q. In your opinion, what are the most important factors in the success of a company that conducts collections?

A. We believe there are three key factors for a collection agency to succeed:

1. Make sure that your employees buy into the vision of your company. We succeeded in this business by creating a corporate philosophy to be "Best in Class" in everything we do. We are constantly reinforcing this to our employees by supplying them with "Best in Class" screen savers, banners and mouse pads. This way it is in front of them everyday. If your employees believe in your vision there is no limit to what your company can achieve.
2. Always give your clients excellent service. We have a client service representative who is assigned to each client and is responsible for all of our clients needs. From a spin down report to month end projections, our clients are always taken care of.
3. Diversify your business. Our biggest growth over the past five years has been providing our clients unique programs that can help them increase their bottom line performance. If it weren't for our diversification with another client base and performing other services, the make up of our company would be completely different.