

Flexibility and freedom

He's experienced years of massive change in financial planning, but now John Cameron feels right at home with his Perth-based firm, Black Swan Event, and the principles it follows, Leng Yeow writes.



John Cameron, Black Swan Event Financial Planning: Advisers should aim to solve their clients' problems, not try to squeeze them into a prepackaged solution.

The demise of Australian financial planning firm Morrisons in the 1980s led to the creation of three splinter groups: Bain & Company, Pembroke Financial Planners and Cameron Walshe.

The names Pembroke Financial Planners and Bain & Co disappeared shortly after.

Pembroke Financial Planners merged with Godfrey Weston in 1986 to form Godfrey Pembroke (acquired by MLC in 1999), and Bain & Co was sold to Deutsche Bank, rebranded Deutsche Financial Planning, on-sold to MLC and merged with Godfrey Pembroke in 2001, but Cameron Walshe lives on despite its sale to Asteron (formerly Royal & SunAlliance) in 2000.

John Cameron, 62, co-founder of Cameron Walshe and principal of Perth-based firm, Black Swan Event Financial Planning, remembers that period of enormous growth and change in financial planning.

"The industry just took off during the late 1980s, and before I knew it, Cameron Walshe was a small national operation," he recalls.

"I never dreamed the business would be so successful"

Cameron, originally from Queensland, started his career in the 1970s as a business journalist for *The West Australian* newspaper before becoming a stockbroker at Patersons Securities.

TONY McDONOUGH

He took some time out to travel in Europe before returning to Perth to get serious about his career.

Cameron was adamant about staying in Perth although there were limited opportunities there in the 1980s. He married a girl from Kalgoorlie, joined Prudential as an insurance agent and in 1982 opened the Perth office of Robert Morrison & Associates. In 1986, after the implosion of Morrisons, Cameron and colleague Bernie Walshe set up Cameron Walshe, which at the height of its success had four practices in Perth, two in regional Western Australia, five in Victoria and a presence in Canberra, Sydney and Brisbane.

The business was sold to Asteron in 2000, but Cameron remained an authorised representative of the dealer group until October 2009 when he joined the Australian Financial Services licence held by Paragem.

He named his new venture Black Swan Event Financial Planning, and started afresh after 23 years of trading under the Cameron Walshe banner.

He's philosophical about leaving the Cameron Walshe name behind.

"These things have a lifespan and I wanted to relaunch the business under a different name," Cameron says. "I wanted to surround and align myself with like-minded people and join a licensee that is platform-agnostic."

"Paragem doesn't try to restrict me to one or two platforms, and a handful of products, in order to maximise the rebates it can get, but it enables us to choose because it believes all platforms are pretty much the same and planners should use the solution that best suits them and their clients."

"Paragem and I have a similar point of view, that financial planners should run their business to solve their clients' problems and meet their needs, not try and squeeze them into a prepackaged solution

like a model portfolio or blended portfolio that's been constructed by actuaries and other so-called experts using deeply flawed theories."

Cameron is alluding to modern portfolio theory, the concept of diversification in order to maximise returns and minimise risk; and the efficient-market hypothesis, which asserts that financial markets are informationally efficient and rational, and that one cannot consistently achieve returns in excess of average market returns on a risk-adjusted basis given the information publicly available at the time the investment is made.

In recent years the basic assumptions underlying these theories has been challenged.

Cameron's practice, Black Swan Event Financial Planning, is named after a different theory: the Black Swan theory. As detailed in Nassim Nicholas Taleb's 2007 book, *The Black Swan*, the theory details the disproportionate role of high-impact, hard-to-predict and rare events that are beyond the realm of normal expectations in history, science, finance and technology.

Cameron, a constant student and an avid reader, recently went back to university to gain a deeper understanding of the changing global macro-economic landscape. He completed a graduate diploma in economics at Perth's Murdoch University, adding to the MBA he gained in 2004.

"The current state of macro-economics is scary," he says.

"The global financial crisis left me scratching my head a bit so I went back to uni to try to get a better handle on how the world works these days."

Black Swan Event Financial Planning employs two financial planners and Cameron advises about 140 active clients.

The bulk of his clients are retirees, and the remainder are in the pre-retirement stage of life,

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although there's also a handful of wealth accumulators.

Wealth accumulators represent a small percentage of the firm's assets under advice, but it's a segment that is growing rapidly, Cameron says.

"Some people look at their client base and think it's dying but there are opportunities under their noses," he says.

"Their clients' children will gain inheritances and need advice. They'll need to sell properties and other assets to free up capital for other things, including helping their kids get established."

Cameron currently looks after a small number of his clients' children, but he'd like to see that number increase. He has no plans to retire yet.

"I'm still here doing this because I enjoy it and there's still capacity to grow," he says.

"I enjoy helping people, running my own practice and having the flexibility to do what I want."

"Flexibility has always been important to me, especially when the kids were young because I could escape for a couple of hours to attend important school and sporting events. But even now I have

the flexibility to pursue other things, such as study.

"To me the concept of retirement is flawed because it was born out of the industrial era when people worked long hours, six days a week in laborious jobs."

"They were physical wrecks by middle age so they retired and shortly thereafter died, but we don't live in that kind of industrial age any more."

In the next few years, Cameron hopes to bring on another adviser, but that'll be it – as the optimum number for a practice his size is three, he believes.

In order to create and maintain the right culture and atmosphere, the maximum number of staff a small business can employ is eight to 10 people, consisting of three planners and around six support staff, he says, citing principles from Nigel Nicholson's 2001 book, *Managing the Human Animal*.

"We have five staff at the moment but I think once you get over eight people in a team or unit it starts to take on a different complexion," he says.

Similarly, Cameron thinks 140 active clients is the optimal number for him.

"I don't think that's too many because a lot of my clients are retirees and the kind of advice and level of service they require is pretty straightforward. The bulk of service and communication can be done via phone call or email, which they prefer to having to come in to the office, unless there is some substantial change in their circumstances."

"There's too much emphasis on seeing clients regularly for the sake of it, or because the calendar says it's about time, but if there's no reason to see a client, it doesn't make sense to make them come in."

"Sometimes I see a client four or five times a year; other times I may only see them once every two years. It all depends." ☒