

*Practice Profile/Doug Macdonald, RFP*

To call Doug Macdonald an industry pioneer would almost be shortchanging his contribution. Founding father might be a better description — after all, he got his feet wet in the Fee-Only financial planning pool back in 1972, long before NAPFA was even a twinkle in its own founding members' eyes.

Today, as principal at Macdonald, Shymko & Company Ltd. (MSC) in Vancouver, British Columbia, Macdonald is still going strong. He says that convincing clients of the value of his practice's services has been relatively easy — even back in the early days. Naturally averse to a hard sell, it turns out that Canadians — unlike their

neighbors to the south — don't actually need much convincing to do business with a Fee-Only advisor.

"The hard sell that some commission-based planners use is much more accepted in the States," explains Macdonald. "It is less acceptable here. In fact, it's a good way to lose a potential client."

MSC was founded in 1972 when Macdonald and partner David Shymko, both in their early 20s, decided to pursue a vision of a fee for service financial advice to individuals. One of the first issues the pair faced, says Macdonald, was deciding what to call themselves. "We settled on the term 'Financial Advisors' as we believed this captured who we were," explains Macdonald.

#### **Some Things Change, Some Don't**

Macdonald says that the fundamental principles upon which the firm was based 28 years ago are still intact. However, some things have changed: His company's first client was charged an annual retainer of \$15, plus \$10 an hour.

In addition to fees, the mechanics of the business and the business environment in which MSC operates have changed significantly. For

#### **Macdonald, Shymko & Company, Ltd at a Glance**

**Company name and city:**

Macdonald, Shymko & Company, Ltd., Vancouver, B.C.

**Year founded:** 1972

**Number of staff:** 17

**Number of clients:** Over 300

**Amount of money managed:** N/A

**Description of typical clients:**

30 percent corporate-sponsored clients with the balance made up of individuals.

**Typical client needs:**

Direction, focus and someone who is clearly in their corner.

**Piece of advice to fellow NAPFA members:**

"Have fun in what you are doing, or don't do it at all. Learn something new every day."

one thing, the firm isn't alone in the Fee-Only business any more. MSC has been involved in the start-up of Fee-Only financial planning firms in Calgary, Winnipeg, and most recently in North Vancouver.

But first, the original firm got bigger and more complex. By 1975, both Adrian Mastracci and Larry Jacobson had joined MSC as principals, and by 1980, the firm had grown to 10 people. Computerization followed soon thereafter and has been continuously updated ever since. The firm experiments with new technology and has invested over \$300,000 in such capital infrastructure over the years.

For example, the firm has a program, which a small percentage of clients utilize, called S.A.M. (Strategic Asset Monitoring), that reports quarterly on a client's total portfolio and relates the portfolio to the appropriate benchmarks. "This proprietary software has been developed in-house, as was our mutual fund tracking analysis model, which was first developed in the early '80s," says Macdonald.

Creating in-house software has enabled the firm to watch clients' money regardless of where it's invested — funds and trust units, individual securities, bonds, deposits, real estate, limited partnerships, joint ventures, and mortgages. "We have no particular bias toward no-load funds, as most loads can be negotiated away. Therefore, we focus more on the consistent performance and investment style," he says.

#### **NAPFA Opens Window to U.S.**

Macdonald got involved in NAPFA in the early '90s when MSC was already a mature company. So although NAPFA was not integral in the firm's early stages,

Macdonald says the organization has instead been a steady source of information on how equally experienced colleagues were handling a wide range of matters. "Sometimes this was a foreshadowing of things to come in Canada, other times it

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had already happened in Canada," he says.

Meanwhile, MSC had already helped create the Canadian Association of Financial Planners (CAFP). For 15 years, Macdonald served CAFP in one capacity or another — local director and president, member of the national board, president, and chairman.

"In 1978 a fee-only association was created in Canada, but due to the limited number of fee-only planners in Canada and the creation of CAFP in the early '80s, it was decided that the fee-only planning firm would support the CAFP and only meet informally," explains Macdonald. "It wasn't until recently that the membership of this Canadian association, which is called CAPFA, was increased from the original six members."

NAPFA, therefore, brings Macdonald's firm networking that still isn't available in Canada.

NAPFA's closed e-mail system and the conferences, he says, continue to be valuable. "The conventions allow me to network with many knowledgeable people and renew acquaintances that have evolved over the last nine years," he says. "In addition, it has been of value to be able to access information, as MSC does have a number of U.S. clients or Canadians now living in the U.S. or with U.S. investments."

For example, Macdonald recalls a recent conference at which U.S. planners asked him about Canada's RRSP retirement system. He, on the other hand, needed to learn more about the Roth IRA. "I said, I can tell you everything you need to know in 20 minutes," recalls Macdonald, "and I ended up explaining to four individuals almost everything they needed to know. In turn they told me everything I needed to know about the Roth IRA."

#### **Serving 300 Clients**

Today, MSC serves over 300 clients, representing a wide spectrum, including about 30 percent corporate-sponsored clients. "They range from business executives, professionals, owner managers, and retirees, and they come from all walks of life," says Macdonald. "They all share a strong belief in the value of planning and have a strong desire to deal with an advisor on a fee-for-service basis."

Currently, the firm employs 17 people in its Vancouver office and 10 more in affiliate offices in North Vancouver and Winnipeg to handle the work flow.

MSC prefers not to focus on money under management, but concentrates instead on the achievement of client goals. The firm's investment philosophy hasn't

changed much since its inception, though the focus sometimes shifted a bit. Currently, Macdonald emphasizes fixed income and equities.

Also, MSC makes a “significant commitment” to education and the introduction to the firm of bright young minds. “In 1997, on our 25th anniversary, we set up the Macdonald, Shymko & Company Foundation to provide a vehicle to give back to the community,” he says.

The future should bring continued growth for his firm, says Macdonald, along with an expanded advisor base and more individuals involved in the firm’s decision-making. “We have always chosen to limit growth somewhat because of the management commitment that it takes,” he adds.

When not working, Macdonald enjoys spending time with his wife Lynda and their two grown children, Hamish, 27, and Gina, 26, both of whom are involved in the business. He also owns an island on the Lake of the Woods in Ontario, where he visits for five weeks every year, and likes to golf and watch the NBA’s Vancouver Grizzlies.

Besides the financial rewards, Macdonald says the greatest benefit of being a Fee-Only pioneer is the way he’s able to make a difference in his clients’ lives while also forging long-term relationships with his partners and various industry organizations. “Back in 1972, I identified a need and had a vision on how to proceed,” he explains. “Then, I was just very fortunate to find three other like-minded individuals who helped make it work and had fun doing it.”