

AT THE EDGE PODCAST



SEASON 2, EPISODE 4

DR. WADE LARSON – You Can't Fix What You Don't Know

Interviewed by Michael Lee

Dr. Wade Larson is President of Optimal Talent Dynamics. He is on a personal mission to overcome mediocrity and help others achieve the best versions of themselves. Dr. Wade has worked with hundreds of organizations and thousands of individuals as a consultant and HR executive to do more, achieve more, and be more. As an international speaker and author, he challenges leaders to transform their organizations, people, and communities. His latest book, *Transform HR*, helps businesses successfully navigate 6 of the most significant challenges facing leaders today as they manage in the new world of HR 3.0. In addition, Dr. Wade serves as the Chief Human Resources Officer for Wagstaff, Inc. and teaches for multiple universities.

In this episode, **Dr. Larson** shares about:

- Working simultaneously as both a CHRO and independent HR and leadership consultant;
- The latest challenges in HR due to the pandemic and hybrid work;
- Specific challenges in the manufacturing industry;
- The primary importance of inclusion and communication in engagement;
- The connection between trust and culture;
- How critical it is to get great feedback;
- And much more.

Michael Lee

So Dr. Wade, welcome to At the Edge. And thanks very much for being here.

Dr. Wade Larson

Appreciate the opportunity. So thanks. Thanks for having me.

Michael Lee

You're both a practitioner of human resources and a notable expert and guru on a lot of elements of HR.

Dr. Wade Larson

The current mode that I'm in now, during the pandemic, we had an opportunity to do some right-sizing with the company. And I was first to volunteer to say, I'm going to volunteer to go into a part-time status as the chief HR guy. And now I actually do both. So I have my own consulting, that I spend about thirty hours on, and I work for the company in the chief HR role. I get the best of both worlds. What I love about it is I'm able to be out there talking, speaking, researching, doing, helping many organizations, and then at the same time, I can bring it back and apply it to Wagstaff.

Michael Lee

Let's talk about your role as an HR leader in in your company. What do you find today are the challenges that you're facing in terms of human resources that are new, things you weren't dealing with before?

Dr. Wade Larson

The number one challenge that is on everybody's mind is labor. It's people. The challenges that we're facing today are different than ever before. That's the premise of this one book that I rolled out this summer, this whole concept of HR 3.0. And when we're talking about this shift, a lot of folks are saying, Oh, my gosh, we have the pandemic this pandemic that. And on the one hand, we're tired of talking about the pandemic. And I get that the pandemic didn't create the situation that we're in. The pandemic accelerated some of the conditions. It exacerbated some of the conditions. But it didn't create the conditions that we're in today. Most of these conditions have been coming for a long time.

In fact, when I, when I first got into HR, back in the early 1990s, I remember coming across a report that the US Department of Labor put together, and they had a projection out for the next thirty years that said, Here's what labor looks like. And they actually predicted that in 2020, the supply and demand curve for labor, we were going to have this this pretty significant supply issue with labor. And as employers, we were going to be in trouble. They predicted that thirty years ago. And here we are. And guess what, 2020, they didn't see a pandemic coming. But they knew it. They saw it. They saw it coming.

So what happened was, we have a number of factors, but take a look at it. In the 1990s, we stopped having as many babies. And that's not a judgment thing. That's just the fact that we started marrying later, we stopped having as many kids, we didn't have a population increase. The pandemic did accelerate the retirements. Anybody within about five years of retirements said, I'm out of here. We had two million people who stepped out of the workforce because they can't afford day care or day care's not available anymore. So they're like, Hey, we're just gonna step out. We had another million people in the US workforce that said, You know what, forget this, I'm going to go do my own thing. And they started to do gig work. Whatever that looks like for them. We have one condition after the next for years, especially in the trades. We've seen this massive decline of people having any interest in going into the trades, welding, machining, automotive repair. And I got to tell you, the average age of a plumber where I'm at is probably about age sixty-two. We don't have the schools, the trade schools, for people wanting to be a plumber.

And so you have these constant declines. But we've seen that happen. To the point this has been coming for a long time. And so three or four years ago, we started to see this massive shift. It's about that same time that we started to see the conversation shift to Hey, the employees are different. We want something different, we want this employee experience. We started to see organizations are doing this differently. We had to start managing differently.

The world has changed. The employees have changed. And we have to start managing this differently. So for those organizations that are doing it the same old way, the org, the companies that are saying, Hey, you know, this isn't working in the same model. Well, it hasn't. The rules have completely changed. And so for anybody who is using the same old HR model that we've been using for the last twenty-five years, it doesn't work. It's not going to work. We have to fundamentally shift.

Michael Lee

At Wagstaff, how much of your situation going forward, you think, is going to be hybrid.

Dr. Wade Larson

It's a little bit different for us because we're in manufacturing. We kept the doors open through the pandemic, because we're one of those critical infrastructure players. But what was interesting is that before the pandemic, I started to say, Hey, you know, we need to start rethinking this. We had parking issues, for example. The thing was, hey, you'll run out of parking. Well, they gotta find just different places. What if we start having people work from home? We don't work from home here! Well, yeah, in my world, as a consultant, you give me a corner of a desk and a laptop, and I've got the world.

So now, it's second nature. But we don't do that well. The pandemic hits, and guess what? Twenty-five percent of my workforce is working from home overnight. Those are the engineers, the white collar jobs. But on the production side, you can't exactly send somebody home with a CNC machine. You know, it's a big machine.

So in terms of what the future looks like, in production and manufacturing, there are some things that we can do differently, but some things that we can't. On the one hand, we did have some challenges through the pandemic, that are like, Oh, my gosh. But take a look at what we did do in response. We advanced our use of technology by as much as five years, for example. We used to have tech services as part of our deal. And you know, seventy-five percent of our business is overseas. Well, now we can't just put our tech services person on a plane and go to India to fix the equipment. And so where we were playing with VR goggles, as kind of a, "that would be nice," now all of a sudden, we have to send those VR goggles over to our customer in India and say, Slip these on, we're going to walk you through how to repair your equipment.

Michael Lee

And do you reckon that the twenty-five percent that's been working from home are going to continue doing that going forward?

Dr. Wade Larson

Yes. And the question becomes, why wouldn't you? Many of these organizations that sent their people home realized some things. For example, they saved a lot. Companies saved millions on overheads. They have expensive buildings downtown. And they realized when they sent people home, not only did they maintain their performance, but they actually got more productivity out of a lot of these employees for less cost. They don't have to spend millions on overhead.

Now, there's a cost that went with it. Because that looked good for the first year or so. But especially over the last six months, what we're starting to see is, we didn't know how to manage those remote workers very well, not in the long term. And so now that they've been apart, if those companies that didn't do a good job of maintaining connection, maintaining inclusion, helping them feel connected, maintaining communication and transparency, those individuals have felt now isolated, and they're feeling lonely. Where once before, part of going to work was engaging with friends and engaging with a significant part of their life, that's now missing. Now, it has some different costs.

And that, to be honest, is what's driving this Great Resignation, as we call it, or the Talent Tsunami, or just the Big Change. And it's not as much that they hate their job, or they hate their company, as they need, they want something more.

But to your point. Is this going to continue? Yeah. In a lot of ways. Why not? In our case, why wouldn't we let them, if working from home works for them? Why not? If it's not costing us any more, and we accomplish more? Why not include that as part of life? I think it's great.

Michael Lee

I'm curious what challenges you are facing at Wagstaff. How do you keep employees engaged when they're working remotely?

Dr. Wade Larson

I'm not sure if you've read this book, *Well-Being at Work*. It came out from Gallup a couple of months ago. So what they did was, they collected data. I mean, Gallup is all about data. It's day-to-day data, but they extrapolated the past data with the impact of the pandemic on people.

So now you take a look at a title like *Well-Being at Work*. Oh, it's another wellness book. It's not. It's about total well-being. And that's about the health of your employee, where they connect this, they connect the data to past trends and current trends, and they extrapolate the impact of the pandemic on how you get to make this work today. And then they projected ahead to say, what do you need to keep on doing to make this whole thing work, and they narrowed it down to five factors of how the best employers are making this thing work, keeping engagement going, whether they're at work, remote workers, whatever. They narrow it down to five areas of well-being that employers really have to take care of.

And so you're talking about social well-being, financial well-being, physical well-being, community well-being, and career wellbeing. And so about these points, it's not just an HR movement. It has to be from senior leaders. Has to be from the managers at all levels to be aware of these needs and these factors to recognize that work is something that's critical to everybody. Once we realize that people spend more waking hours in the workplace than they do anywhere else - we spend more waking hours at work than with our spouses, with our kids, anywhere else - then we start to realize that work is life, and life is work. It's an integrated part.

Before we used to say, hey, you know, keep it separate, personal life, business life, you got to drop the old stuff at the door. When you understand that we spend more waking hours of our life at work, then you have to understand the two things have to be integrated. This study starts getting into things such as our community well-being where employees want to be part of something that's making a difference. You start talking about social wellbeing, where the data says that people who have friends at work, people who have a best friend at work, are actually more productive. They engage more. And in fact, they say, If companies could double the number of people who have a best friend at work, they will actually have fewer safety incidents, increase morale, and most likely have a ten percent increase in profitability.

Michael Lee

I saw a study, I think it was from McKinsey, that also said, if you have a best friend at work, you're five times more engaged on average.

Dr. Wade Larson

Gallup supports that. So back to your point of view, how do you keep these folks engaged? This kind of data is not soft skills. This kind of data is not like, Oh, you know, we've got to hold hands and sing Kumbaya. You know, my conversation this morning with a group of folks was talking about inclusion. Inclusion is not just, Oh, we've got to throw up another poster and have another little webinar and say the right words. That's not what it is. The actual business

prosper when we make people feel connected, and they want to engage and be part of the business, whether they're remote or on-site. We talked about diversity, equity and inclusion. And how does that tie in?

Diversity is, we want to bring in people that are different. Why? Because differences make us rich, they make us better. And I'm not just talking about race and gender, I'm talking about, everybody brings in a different, unique perspective. And that helps because it broadens our perspective.

Equity is about making sure we have equal access. We're going to broaden the access so that we can invite that in.

And inclusion is making people feel welcome.

So imagine we're having a party, whether it's with all these people that are working remote, or here, we as employers are having a party. And so diversity is about making sure we invite a lot of people to our party. Equity is building a bridge and having the door open and making sure that everybody has transportation. The way to get to our party, that's equity. Inclusion is going out to make sure that we invite and make sure everybody knows that they want them to come to the party. And we're asking them what kind of music do they want us to play. And what kind of chips do we want to serve at the party? That's inclusion, so that they feel valued. And they feel like we're listening to them, and that they're part of the entire process. And they're integrated. That's this whole package.

Michael Lee

I'm going to use your metaphor here. So if diversity is making sure you have a good range of types of guests at the party, and equity is making sure everybody has equal access to the party, and inclusion is letting people have a voice in the party - how do you make a good party?

Dr. Wade Larson

Well, it's not just that everybody has a voice in the party. It's that everybody wants to be at the party. And that everybody wants to participate in the party. And that everybody wants to dance on the dance floor. Because you can go the party and the music's going and nobody's dancing.

We were in Cabo last week. And it takes that one person to stand up on the boat on the dinner cruise, to start dancing, for other people to start dancing. And then all of a sudden, it's a fun time. Otherwise, it's an awkward dinner cruise when the music's going and you want to dance, but nobody's out there dancing first. But when that first couple gets out there and starts dancing on the dinner cruise, then all of a sudden it becomes a fun cruise. That's the difference between a fun cruise and a boring cruise. They can play the exact same music, they can have the exact same group of people, everything could be the same. But we're out there on the floor dancing. And that's the whole inclusion part.

But that also gets to this connection with people. Inclusion is about connection. And so this whole thing, remote workers or on-site workers, they're all suffering from the same thing. This pandemic has made a lot of people lonely, disconnected, even if they're on-site. They may be passing by all the time, but you don't know what's going on in their personal lives. You know what their relationships are. You don't get to know who they've lost from COVID, or how they've suffered. You don't know that they could be isolated and alone. You want to invite them in. So we as leaders, we've got to start not just playing the music that they want, but we need to step out there on the floor and start dancing and say, Come on, let's start dancing! Make them feel comfortable enough to get out there dancing at the party. And they can say, This is cool. They see enough people dancing, they're gonna want to start dancing too. And we want them to feel comfortable enough to get going with this party and have fun.

Michael Lee

Scaling back from the metaphor, what would you say to leaders is the way to start dancing?

Dr. Wade Larson

Well, then that's what it comes down to. We just stop talking at the metaphoric level. And you got to get down to the practical. What are you going to do?

Number one, leaders have got to walk the talk. But it's got to be the leaders at the top, and the middle, and the frontline. To employees, their boss is the company. The CEO is great, and they've got a target. But from their perspective, there's also a consideration. If the CEO doesn't walk the talk, it doesn't work.

Let's take the mask situation, for example. We get a case for a senior leader. And we preach, out there you got to wear the mask, got to wear the mask. The senior leader goes out onto the shop floor just once - maybe he honestly forgot the mask, maybe he did. But that senior leader walks out on the shop floor without a mask - we're done, it's toast, the message is shot. Because we can preach masks all we want, but that senior leader was caught without a mask. We are busted. I had to have that senior leader go out and walk the floor like five times a day for the next three days to establish, Hey, I'm wearing the mask. You have to walk the talk.

So if there's gonna be diversity and inclusion, they need to be out there and proactively say, Hey, how you doing? Inviting the communication. Managers need to be actionable and take part. And this is where it goes to the frontline. The frontline manager is the company to the employee. They need to reach out and say, Hey, let's have a conversation. Hey, how you doing? Invite the feedback.

Which means to feedback, number one, we need to ask in place, what do they think? How are you doing? Provide input, and also acknowledge that we're listening to this. Employee surveys are a great tool. But what do you do with the data? What do you do with the feedback? How many surveys have we asked for? And then we don't do anything with it? Or are you the type of company that will ask for the survey, get the data, put it together, and then go out and report to the employees and say, Guess what, here's a summary of what you

told us. The next level is, here's what you told us, and here's what we heard, and here's what we're going to commit to do over the next year to address it. That's actionable.

What if we also take the managers out and get them involved to help us to start walking the talk when we're talking about promoting this? What if we bring them to the career fairs where we're trying to go find people and help them out? Managers get caught up in the day-to-day. But what if we have them go out and start to talk to the hundreds of people that we're exposed to all the time, and they start to communicate?

Another piece to it is transparency. Employees want to know what's going on. Does that mean that we have to share all the company secrets with them? No. But they want to know where we're going as a company. What's happening? What are our priorities? How do I fit into the big picture? Is what I'm doing making a difference? That transparency is huge. Return and report accountability. As a leader, they want to know what I'm doing and how I'm doing it. And they want a report back. If I'm making a mistake, or if I'm not hitting my numbers, they want to know and as a bold employee, as a bold manager, I need to be able to come back and say, I didn't hit it. But here's what I'm going to do to do it. And here's what I need your help with, to help me get there. I need your help and your input to help me know what your thoughts are and where we're gonna go.

These kinds of steps, reports, metrics, metrics and reports to say, Here's where our numbers are. Here's where we're going. And not being afraid to measure and report. That's what we're talking about. The list goes on and on. But anyway, there's a handful of things that are practical applications of how you apply this and get your employees engaged. And at the grassroots level.

Michael Lee

What would you say if you had to succinctly put it down to one thing, the best thing you can do to make sure your employees are engaged? What is the one key to engagement?

Dr. Wade Larson

I'm gonna give you two, because I need to give you two to give a context. And then I'll give you out of those two. I'll give you the one that matters most. Engagement or inclusion comes down to two things: trust and culture. Those are the two things. Trust and culture.

Culture is how we do things around here. It's at the very fabric of the organization. That's what culture is. Culture will exist whether you want it to or not. Either you can drive it or it will drive you. But the leader is responsible for the culture. And so you get what you demand. And you get what you reward. And if you don't do anything about it, the culture will exist, but the culture will exist by itself. It will be created as an afterthought, as something else. If you don't proactively create the culture you want, the culture will evolve, and you get what you deserve. On the other hand, as a leader, if you know what you want, and you know what kind of culture you want, and you can design the culture, then you can design the behaviors, the expectations and everything else that goes with it. And then you can hold people accountable to that culture, you can design it, you can say, this is what we want, what we expect, and you

can build that culture. This culture of engagement is something that doesn't happen naturally. It happens by design. And that's going to be critical, as a leader, to build up.

The second piece is trust. If I as an employee, I don't feel trusted, I'm not going to trust you. You have to trust me, for me to trust you, and you have to go first. You're asking me as the employee for me to trust you first. And then you wonder why I don't trust you. Mm hmm. That's not how it works. You have to trust me first. Yet, so many employers are saying, Okay, employees, I really need you to trust me, and then trust me again, and then trust me again, and trust me again. And we do some stupid stuff as employers that invalidates our trust. We have to build trust first. And that comes down to the individual managers and leaders. And like I said, to the employee, their individual manager is the company. Their individual manager represents everything. It's not just the CEO. The CEO establishes trust, but the frontline manager, the director, whoever the person reports to is the leader. Is the company. Trust is the most significant issue and the most important factor to creating engagement. You create trust, you'll create engagement.

Michael Lee

How do you maintain and grow trust?

Dr. Wade Larson

How you don't create trust is by not talking to them, keeping secrets, making them feel isolated, not giving them feedback, not clarifying expectations, making them feel like they're on their own. Those are some great ways to not build trust. And that's going to alienate them.

A favorite management line is, No news is good news. That's a terrible philosophy! Let's go to the opposite. No news is just no news. And you're aimlessly wandering in the wilderness. Clear communication. I have to create clear communication factors. And it cannot just be a single channel. Your communication strategy at the organizational level applies at the individual level. You have to communicate, communicate and over-communicate, and not just a single strategy. Whether they're on-site or off-site, you have to find ways to communicate interpersonally and interpersonally.

Sharing information is a must. I'm going to email people, I'm going to communicate with them. So I have interpersonal engagement. I personally have a mixed team. I have a team who works for me on-site, but they are all hybrid, so they are working three days a week on-site and two days off-site. So they're mixed and they are interspersed. I also have a team member who is one hundred percent off-site. That means that I have to make sure I have time to meet with him at least once one-on-one every week. So I can connect with him, engage with him and talk to him in person. The off-site person, we have teams, we have technology, I have to have a face-to-face with her to make sure that we have engagement. Constant email. Constant communication. Open dialogue. Have a question? We pop open the Teams and we have face-to-face dialogue. That's big.

Number two, we have questions. We open it up, we say let's freely answer.

Number three, I involve the entire team. Everybody has to feel like they're connected and has a voice. If it's something that we can talk about as a group, we're going to bring the entire team into it. So everybody knows what's going on.

Number four, as a leader, if I screw up, I have to be the first to admit it.

Michael Lee

At Innovation Minds, we believe that when you put innovation and engagement together, you get a kind of ever-increasing spiral of transforming your culture into something powerful. What are your thoughts on that?

Dr. Wade Larson

I say, Amen! Absolutely Amen!

We see these pockets of transformation happen. It's an interesting culture that we come across. I've always said, at Wagstaff we have what I would say, if you look at just our pedigrees, the number of degrees with how many people that work for Wagstaff, I say we've got the smartest group of people on this side of the Cascade Mountains in Washington State. Per capita, I've got the smartest group of people. We should be able to solve about any problem that exists. But then, over the last five years, as we try and break down the silos, and some of these traditional pieces that it's not uncommon for a seventy-five year old company to have. As we give managers permission to be free and start to allow these people with creative minds to just be set free – Wow. The problems that they start to solve and the creativity. They start to say, Wow, we could go do this and this. Just the level of creativity and engagement. They get excited and they go to the next level. But with that excitement, they get everybody around them excited, too. And so to your point, yeah. That innovation plus engagement, that thing just lights fires.

Michael Lee

If everybody listening to this podcast has to remember Dr. Wade Larson, what would be the one thing you want them to take away that they'll remember about you?

Dr. Wade Larson

if there's one message I can share? You can't fix what you don't know. And when it comes to your employees, we got to get out there, and we have to give feedback. Part of engagement is we have to talk to our employees. We don't give enough engagement. We don't engage enough by sharing feedback. We don't engage by setting clear expectations. And then we wonder why we have performance problems.

Our perception is that they're performance problems. So many times I have managers come to my office and say, Oh, my gosh, this person is not performing well, they're not behaving well, they're not meeting expectations, I want to fire them. And my first question that I ask is, Do they know that they have a performance problem? Well, of course, they should just know.

They should just magically know! So when's the last time you actually talked to them? Well, I have pages of documentation. I don't care! When was the last time you actually - have you talked to them about what's in this documentation? Well, I've documented it. No! When is the last time you actually talked? Instead of just going for the throat and saying, You were late, so we're going to punish you? What if you listened?

So many times we try to treat the symptoms without the underlying problems. You go to the doctor and you say, Hey, I have a fever, solve the problem with the fever. The doctor can bring the fever down, give you some ibuprofen, say go take a cool shower and the fever will come down. But if you leave the doctor's office without understanding what is causing the fever, it's ridiculous. You can be dead within hours. The same goes in the workplace. If we can't help the employee understand where the challenges are, we'll never help them to become better.

Michael Lee

I wish we could go on for another hour because I've got a lot more questions for you. Unfortunately, we cannot. So I'm just going to say thank you. And it's been a pleasure and an honor completely to have you here.

Dr. Wade Larson

It's been my pleasure. Thank you very much for having me.