

Culture Wars - How to Engage The Disengaged Labor
Force - Alastair Macdonald: Ep #436



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Dr. David Phelps

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Welcome to the Dentist Freedom Blueprint, a podcast about freedom—freedom from expectations of society and the traditional path to success that has been ingrained in us from our early years, I'm joined by mavericks, renegades, and non-conformers to discuss an anti-traditional path to financial freedom, freedom of time, relationships, health, and ultimately freedom of purpose. My name is Dr. David Phelps. Let's get started.

Alastair MacDonald: So, it starts to show up in our business and we say, well, when the economy's in a booming time, we can allow for longer sales processes, we can allow to carry more data on the books. If somebody's financing their own procedures, we say, "No problem and I'll give you 12 months to pay." It starts to get risky here.

So, I'm thinking of one individual in particular, very active in the real estate space, that's where they've made their mark. Instead of holding large inventory, it's essentially sale as soon as we've bought, have buyers standing by before we close. That is very, very impressive . Why? Because we can stop it at any time.

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David Phelps: Hi, David, here today with the second part of a two-part conversation with my good friend, Alastair MacDonald, I gave a little bit of his background on last week's podcast. So, if you missed last week's podcast, you'll definitely want to go back and catch that one, and then follow up with this one today.

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Today, we'll be talking about culture wars; how to engage the disengaged. Dealing with a lot of the labor force issues that came about through COVID, the helicopter money that let a lot of people stay home and still have a lot of money to profit off of.

We've got people that don't want to go back to the office, we have people working from home. A lot of issues today, how do you find good people in an era where the unemployment is an all-time low, and then going into a recessionary period of time?

Lots of discussions here; how do we stay relevant? How do we become a lighthouse to the rest of the community in which we're involved and rather than contracting and playing small ball, like most people will do?

How do we play, what we call the long game versus the short game? Short game being very transactional, 90 days out, looking at profit and loss. Yes, it's important to measure that, but that's not really going to get you through the long haul to where you want to be successful.

Through the ups and downs of the market cycles, which I believe we're going to see a lot more of, you've got to be able to go against the regular thinking of the herd mentality. In other words, know when to zig, when others are zagging.

These are the conversations we'll have today, and I hope that they are relevant to you because that's our goal, to make conversations that you can take back, put into your strategic and tactical measures, and make the most out of the opportunities that come out of recessions and not be a victim to those things that you feel like you can't control.

Let's take this conversation this direction. And you have so much experience here because you've been a leader, a guide, a true guide, not just in Zimbabwe, but also here in the states. The dangerous conversations that you mentioned, let's talk about how we as leaders of our businesses ...

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So, we have the people that help us do what we do, our staff, our employees. We also have family members who also, many of them younger generation, maybe for the first time also are heading into what we see coming on. I know you have two young adult children who are on their frontiers.

Let's talk about first within our businesses. We have staff people, we need to have these dangerous conversations about the business, but certainly how individually, notwithstanding the fact that hopefully we can keep them employed, that's number one. But number two, what are they facing that they haven't looked at? Are they out thinking about, "They should go buy the new car." Or "This thing will turn over?"

That's a very important part of maintaining the walled garden, the fortress around our businesses and protecting it, because if our people are not protected, then all bets are off.

Alastair MacDonald: Yeah, it's why I have ... fortunately, it was later than I would've liked, but earlier enough for me to discover the value of culture. Culture reigns supreme in the business and there's never been a better time to double down on your culture.

At 3.4, 3.5% unemployment, we are held hostage by a very tight labor market, and we are, those with a fragile culture or an undefined culture are very susceptible. Everyone is susceptible to losing employees to the highest bidder. But we become extremely susceptible in an environment like this.

And what is it that keeps people? Well, assuming that we've satisfied our own professional version of creating a Maslow's hierarchy of needs for our employees, what is at the pinnacle?

Well, a sense of belonging, sense of being a part of something, that is what will trump all the other items stacked in the pyramid, and I know this to be true. This is what loyalty wishes it could be.

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Loyalty really doesn't exist in the professional realm, it's a myth. Those who say they have it, I would caution them to run kind of a messianic audit of what it is that you really ... it's simply a matter of alignment. And it's our job, which is another word for us to say relevant with. It's our job to stay relevant to the needs of those that we serve and those that support us.

So, culture is critical. This is the only kind of prophylaxis that I know that can protect us from getting squeezed everywhere we turn outside, because when somebody comes to me and says, "Well, look, you're paying me \$25 an hour, but they're willing to pay me 28 down the road," depending on the culture and my practice — if I don't have a good culture, that conversation won't even emerge, they'll just leave.

But if the culture is set up for transparency and authentic leadership, that conversation can at least be heard, and I'll have an opportunity to say to them, probably the most valuable thing that I could do, which is simply the question of, do you ever wonder why they have to pay that?

To allow that question to really detonate in an employee's mind is amongst your finest employees, the most valuable thing you can give. If individuals think that they can buy loyalty, it's not loyalty. And we'll discover the other side of that if we find ourself having to get into building walls.

Just a question, do you ever wonder why they have to do that? It's the same when a patient or a consumer comes to you and says, "Yes, but Jim down the road will do it for less." The same question: do you ever wonder why he has to do more?

I think this an important question. So, culture is critical, seeing to it that we're connected to the needs of our employees, which is for some, generationally hard to concede.

For those, the older school are like, "No, your job is to come to work and leave your stuff at the door and all the rest." These are just generational shifts, I certainly have my own

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philosophies here. But it's worth bearing in mind that it is our employees' families that are most susceptible to the vicissitudes of the market's contraction.

This is going to show up in unusual ways. They will have to move, they'll maybe be foreclosed on, they'll have to move because of their spouse's job, or they'll have to have loved ones come and live with them. This starts to play strain on the energy and contribution that they can make to the business.

So, instead of us just being mad about it, or trying to put a line item in our operations manual to protect us from it, which never works, that reality finds a way of leaking in.

We would do better to create the kind of environment where that sort of information can flow and we can build almost a collective and immunological support system in the culture that we have, because we want to be an environment that nurtures and supports people's wellbeing, and not just those that give us money, which is our patients, but to do the same for our team, who are of course, the vectors of our magic into the marketplace.

Knowing that they will be facing these difficult times, we get to be a mentor, support. This brings up another piece. It is worth it at all times, but never more so than now for those in our communities, of your community and my own, to really encourage them to start thinking now about how they are going to handle loved ones and employees' loved ones falling apart on hard times.

This means what are your personal rules for taking care of family members? What's the difference between a bailout and a gift? What is a loan and what is a gift? What is temporary and what is permanent? What is the nature of how we show up? We tend to just think about money.

There's many other ways that we can oftentimes help individuals, including with leadership and powerful questions

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and provocations, which is the most beautiful weapon we have for them to go out and solve their own problems, but doing so with your wisdom and contribution.

Now is the time for us to have those rules so that we don't find ourself 18 months in and we're now supporting four family members and we really are bitter about two of them, whatever the case might be.

David Phelps: So, we need to have our own rules. I completely agree, have those ready in place. How do we initiate conversations with our team before we even get there to where they are dealing with some of the personal issues, which will come up?

As you said doubling up or having their property tax and insurance payment go up, so now, they're coming in and say, "I need more money," which has been very common since last year or gas costs more money.

All these different things will happen. In our culture, should these be conversations that we are having as leaders right now, even before the first symptoms start to appear? Or do we wait until they appear and then gather the troops and talk about it? What's the best way to handle this?

Alastair MacDonald: I think it's our responsibility, not just an opportunity, but our responsibility to report from the field. And even in my own community, the sovereigns, I'll show up with my kind of weekly field notes, these are things that I'm seeing and observing that are worth reflecting on, and looking out for.

And this is just a kind of vestigial bump of something I've been doing with my team with weekly hurdles, and I'll speak about the dangers and what I'm observing in other industries. For example, hey, have anybody noticed that restaurant X shut down.

Anyway, to start pointing to these things for a couple of reasons. One is to activate their reticular cortex, make them

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aware of the broader world at large, but there's also a surreptitious kind of Trojan horse value here, which is the opportunity to then end that hurdle with how grateful I am to be in this industry, specifically in this practice.

We can point to the dangers out there, but when we pull the drawbridge up as we do for every morning hurdle, we are safe, and our loved ones are safe. This is a beautiful gift, and it is a gift for ourselves, but also for our team who sometimes will be tempted by the hot money of other industries or what have you, to pursue it right at the wrong time.

I think this is an important thing to speak about it and open it up; who else is observing this? How are you guys doing? Who's noticing any things in their extended friends and family?

Those conversations will activate a heightened level of awareness that brings gratitude and presence. And I'm telling you right now, improves performance and engagement of your team for all the right reasons.

David Phelps: I think that's critical. Any particular clients that you're working with right now who are navigating some of the elements of a potential recession but doing it well, getting out in front of it, making some changes, anything that comes to mind as examples.

Alastair MacDonald: Yes, of course, anybody foolish enough to work with me has probably been preparing for some time, so there's been two bigger shifts without being too regulatory, but the two aspects. One is the elimination of excess, which began a year ago.

So, cleaning up our personal P&L, so to speak, as well as our professional one, but also starting to pay attention to what I really think of as a personal velocity of money.

So, we know the general measure of velocity of money, how fast a dollar moves through the broader economy from your

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barber, of course, which I have significant savings in that line item. So, the dollar that you pay your barber and how soon it travels back into the practice that you own as a standard measure of money.

We have our own internal professional velocity of money measure, which is to say, how fast can deals turnover? How quickly is money moving through my business? Why?

Because as credit continues to contract and we're getting all the evidence of it, that's being well under way, it takes a while before we notice its effects, and it shows up in domains that we're not necessarily paying attention to.

This giant office tower in San Francisco was priced at 300 million four years ago and just sold for 60 million, for example. These seem anecdotal to us, but anecdotal in my experience, is just early data.

So, it starts to show in our business, and we say, when the economy's in a booming time, we can allow for longer sales processes, we can allow for to carry more debt on the books. If somebody is financing their own procedures, we say, "No problem, and I'll give you 12 months to pay." It starts to get risky here.

So, I'm thinking of one individual in particular, they're very active in the real estate space, that's where they've made their mark. Instead of holding large inventory, it's essentially sale as soon as we've bought, have buyers standing by before we close, that is very, very impressive. Why? Because we can stop it at any time.

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David Phelps: Anything on the dental front that would be a good example of what somebody's doing in forecasting opportunities, but also, again, the elements of contraction in the economy and dealing with some of the issues that we're talking about today.

Alastair MacDonald: Yeah, we're no different than that famous journalist who's fighting yesterday's war or the last war, meaning that we might ... it's only after April, that we start saying, "Hey, we've got to fix our cancellation problem." Now, overlooking the fact that it shows up every April and every September.

That might of course be, and I think it is a canary in the coal mine of broader contraction, just as we discussed with individuals sloughing off discretionary aspects of the work that docs are proposing.

But beyond that, there's something for us to think about is, we're very much reacting. Sorry, I lost my way. We're reacting to previous trends, previous good and bad experiences, but every one of these is a forecast.

And we've touched on this a bit in the past, but when you decide to add an op or let a doc go, these are forecasts. You are taking some aspect of your recent experience and you're extrapolating it into the future and calling it a forecast.

Linear extrapolation is fine as long as the trend is early, or we were mid-trend. But when you are entering a transition as we are, linear extrapolation is the worst forecasting method on earth because it does not anticipate change.

So, docs that are coming in and saying, "I'm blowing out the walls and I'm going to put an extra 10 option," they are doing that in response to the last years' worth of demand. We need to be sure that that data that we're extrapolating from, includes earlier data where the outcomes were different, and this would be a good time to do it.

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So, this is where we find ourself showing up a little bit too late with the wrong motivations and strategies.

Equally, we know we're early in a contraction when individuals are already talking about the opportunities. And I saw this at a real estate conference exactly a year ago. People saying, "Oh, I'm ready for these bargains are going to start showing up." Well, we're a year in now, and those bargains are looking more bargainish than they did a year ago.

So, that enthusiasm for opportunity has to be flushed out amongst speculators. We'll know psychologically that we're at the most attractive bottoms because people will say, you're out of your mind, I wouldn't touch it with a 10-foot pole.

To that end, I do believe there is a strategic long game opportunity here for docs that really are doing that, playing the long game. The truth is, we're all playing the long game, but most of us are playing with short-term perspectives. And we live from, 90-day cleanse to 90-day cleanse, we never really established long-term healthy habits.

But if we embrace the fact that we're playing the long game, beginning to establish yourself as a leader among your peers in town, in your community, is an extremely smart thing to do now. Why? Well, there's why and how; why?

Because the time will come when a certain percentage of every industry, especially those nearing their kind of later years planning on retiring, are beaten down by what lies ahead of us.

They get tired of employment issues or patients not paying their bills, whatever it is, and they say, "I was going to retire in three years, I'm going to just do it now; I want to sell."

These individuals will gravitate toward your strength in the storm. So, we talk about how to go about doing this. Now is the time to begin almost an unbelievably generous giving energy to your community. Why? Because no one's doing it. Everyone's

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retracting, overlooking, consolidating and starting to worry about themselves.

Put yourself out there in your community, have an event at your practice, teach some concepts about practice leadership that have really served you, position yourself as a resource for them as practice owners. There's more than enough business to go about.

Even if you are not enjoying the most flush period of your life, showing up for others will position you as the leader in the storm, the light husk when the storm comes, and you will get those opportunities that others are foolishly looking for now in the future; patients buying files, absorbing practices, those that have started practice and said, "I thought I could do it, but I can't, I find it wrong." Great, we'll fold you into our enterprise. This is the time.

There's a scene in the movie Cinderella Man, where Paul Giamatti's character is fantastic, as he always is, and he is the promoter of Russell Crowe's character. And he's there and he's magnanimous and he's cheering for everybody he's putting, but everyone else is experiencing hard times, and there's a moment, you'll know this where Russell Crowe goes to his house, and he's shocked to discover there's no furniture. He is absolutely barely getting by.

I'm not encouraging fraud or being anyone other than you are. The difference there is Russell Crowe realized everybody's feelings, but Paul Giamatti still showed up and still tried to do his work. And I think there's room for us with maybe a better twist to do the same.

David Phelps: Well, there's examples amongst us right now, and I think one person, if she doesn't mind calling her out in a very positive way, would be Hiru Mathur.

Alastair MacDonald: Yes, Hiru has done this beautifully. She has already begun hosting, and she has been for some time, hosting and

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welcoming docs in her community, positioning herself as a resource for their brain damages practice owners.

It is so lonely owning a business, leadership is lonely. To know that you have a community, especially led by someone as kind and as powerful as Hiru and Sumit, they will see benefits. This is the easiest prediction I could make.

Over the next 18 to 36 months, they will be drawing individuals to them and their practices like monster flame.

David Phelps: So, in doing that, sharing resources, being a leader in her community, that portends to not only the other practice owners, the docs, many of them who are ... some refer to her, some refer more than others, but it doesn't matter.

And same point in helping those docs lead their tribes, their staff will also ... well, Hiru becomes a lighthouse even to their staff, and not that she's trying to, to steal away anybody, that's not the point here. But just saying if another practice is losing their focus and those staff members may be looking for another home, it just could happen.

That's again, where, as you said, the opportunities come from by being out there. And as you said, it's very difficult to do because we tend to think about consolidating, contracting, playing that small game and just trying to build a fortress and yet you are going the opposite direction of most other people by being out there and in a very authentic way.

Not saying well, I have it all figured out, look at me, not that way at all. It's like, no, we're all figuring this out, but here's what I'm finding and here's what I'm willing to share, who wants to join in with me in sharing experiences that we could all perhaps protect ourselves better, our teams, our staff, our families. And by doing that, you're shining a light on you that others will see.

And I think that's the illumination of that in a time when everybody else is contracting becomes so apparent, and hard

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to do, but something that I think makes a lot of sense, and I would encourage other people to think that way because it's so contrarian to what we were seeing out there in the world, and the space today.

Alastair MacDonald: This is the place to be contrarian, is to lead with service. It really is. A clenched fist cannot receive. So, if we want to zig, while everyone else is zagging, this is the way to do it. To truly lead with service and to issue and display zero indication of ostentatious success. Zero.

The future is very dark for individuals that are posturing. You and I joke about the Lambo crouching guy, those individuals will be burned in effigy in the fullness of time both politically and socially and professionally.

This is not the time for that. It's the time for humble service and being there as an aid and a support for those in your community with zero expectation of benefit. Why? Because in times of trouble, those who are in crisis are drawn to the capable, and you would've established yourself as the capable lighthouse in your community that is there for them. And what is that worth? That'll pay you for a hundred years in all the ways that not even counting money.

David Phelps: Beautiful. Well, thank you so much for the conversation, the provocations. I think this will instill a lot of hope for those who made me feel hopeless right now, it's not a time to feel that way.

We are very blessed with a lot of gratitude for where we get to live today and the opportunities there, and I think just learning to be better leaders and communicators is really what this comes down to, so I appreciate the time and those insights today, Alastair.

Alastair MacDonald: David, whether it is your team or your family, or your peers, or people you've otherwise seen as your competitor, now is your time to shine, it really is.

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