

The HR Mixtape: Hosted by Shari Simpson with Guest Jared Rosenthal, Founder and CEO of HealthStreet

Announcer:

You're listening to the HR Mixtape. Your podcast with the perfect mix of practical advice, thought-provoking interviews, and stories that just hit different so that work doesn't have to feel, well, like work. Now, your host, Shari Simpson.

Shari Simpson:

Joining me today is Jared Rosenthal, founder and CEO of HealthStreet, who took an unconventional path by leaving his role as a healthcare CEO to invest his savings in a mobile DNA testing truck dubbed the Who's Your Daddy Truck. This bold idea landed him a reality TV show called Swab Stories and eventually evolved into a comprehensive tech platform serving over 50,000 companies. Jared, thank you so much for jumping on the podcast with me.

Jared Rosenthal:

Great to be here. Thank you for having me.

Shari Simpson:

I would love if you could share a little bit about your background and your journey from CEO to entrepreneur and all the things that you've had your hand in over your career.

Jared Rosenthal:

So I was always entrepreneurial. Like as a kid, I was writing away to baseball players to get their autographs so I could try and sell them to my friends for a quarter and stuff like that. So I think maybe I was nine when I did that. You know, started a business for the summers when I was in college, tarring driveways and, you know, things like that. But I got into health care because I really wanted to, because I was, you know, very idealistic in college. I wanted

to get into a business that also was more of a human business. And I did that for many years. I became CEO of a healthcare company in Chicago. But I tell you, not a day went by where I wasn't thinking, if I did this myself, I could really, really enjoy it more. And so ultimately, you know, I skipped a few steps, of course, but ultimately, in 2010, I started HealthStreet, which is a drug testing and background check and DNA testing company. Initially started as a mobile, just bought a used RV and would go to businesses to do the drug testing and realized pretty quickly that doing it through a call center and then ultimately through a tech platform was a much more scalable and growth-oriented type of opportunity.

Shari Simpson:

It's so fascinating. I love hearing when people just take that leap of faith in their thing, whatever it is that they're excited about.

Jared Rosenthal:

Yeah.

Shari Simpson:

And I suspect you ran into a lot of scenarios where you had to rapidly adapt or pivot. And so I wanted to kind of focus our conversation around innovation and change and how we can help organizations and employees get through those types of things.

Jared Rosenthal:

Yeah, definitely, definitely. And I think with small and medium businesses, you know, one of the things that I see even with the, you know, consultants we work with or external partners, their tech is usually extremely basic. You know, it's maybe Google Drive at the most, you know, and there's a lack of appreciation for how much that is holding them back. You know, and not that every person can become a tech expert, but there are definitely things that you can do to vastly improve your performance, your reduction of errors, moving towards a single source of truth. Like we had clients that use nine, 10 different systems, you know, one timesheet system. Then they take the timesheets and enter it into payroll and they take the payroll and they can't

send that to their clients. They have to send another and you just go, Oh my God. You know, not just the amount of work, but the amount of errors. Right. And then, you know, we're all in this world where Amazon is trying to take over all of us. Right. And so they're going to have the best tech and tech usually wins. I mean, you might say always wins, you know, in almost every case. So, you know, figuring out how to do those things without being afraid of it and taking it piece by piece can make a big difference.

Shari Simpson:

I completely agree. It's amazing when I talk to other HR professionals and some of them are still in granted, sometimes it's just a cost thing, right? They're still using Excel to manage all the things in their org, which is just as frustrating for them, I'm sure, as their managers and trying to get the information back out of those kinds of tools. Yeah. What recommendations do you have then for making sure that you can be tech savvy without, you know, complicating it and feeling like you have to have a tool for everything? Because I think sometimes you can fall into that category as well.

Jared Rosenthal:

Right. Right. You do have to be judicious about what you choose to do yourself versus using external software. And what I did, I can only share, I guess, my own experience was I looked for a product that had low barriers to entry that I could start, but had very high ceilings, you know, that could grow and I could manage my whole company on and ultimately take me to whatever level I wanted to do. And, you know, what I ended up using was probably the least known product from the best known company in the world, which is called FileMaker, which is made, which is owned by Apple, right? Almost nobody knows about it. And if they do, they think it's a dinosaur. But it's been really revolutionary for me, for my business, because when I started, it took me about a month to even crack how to begin. But once I did, we stayed on that same system for about 12 years and then ultimately rebuilt it in the same product. And that's the kind of thing where, you know, you can do minor things that you wouldn't even call, you know, advanced tech or anything like that. It's just tracking your stuff. And then over time, figure out, okay, now I want to, like, here's an example. In the beginning, we had to fax our clinics

every day, the appointments. And I remember one day I said, you know, I assigned it to a staff and sometimes she was and sometimes you forgot, you know. And I said, how can I just make this go every day, right? And it took me maybe nine hours of sitting there, hitting on it, getting it wrong, just relentlessly saying, I gotta figure out how to make this, wake up every day at 6 a.m. and fax the clinics. And finally I got it, and that still runs every day, 10 years later, you know. And that was the first step for me. And then, you know, things like that. Now, because it's yours, right, then anything you add becomes an asset to it. And then you can grow the business from there.

Shari Simpson:

How have you thought about developing that culture with your employees that they're excited to innovate and take risks and try new things and know that, hey, I might have eight hours today that I'm going to have the ability to do that kind of stuff? Because sometimes I don't think we even have the time.

Jared Rosenthal:

Right. Right. That's definitely true. And it is definitely more challenging because, you know, I can't expect everybody to think about these things the same way that I do. Everybody has their own work personality and that sort of thing. And, you know, delegation is a really tricky thing in business, especially small business, because the best knowledge out there is the more you delegate, the better. Right. Be free to do CEO things, right? But it's really tricky because number one, they could get it wrong, right? And you have to tolerate some degree of that. But if it's mission critical, you really don't want that to happen. And then the other challenge, which I haven't heard a lot of people talk about, is if you delegate things that are critical and then that person leaves, right? Now you got a real problem because you got to figure out how to support that. So there are ways to manage that, but that's one of the biggest challenges I would say to grow a small business.

Shari Simpson:

Well, I'm sure it's that knowledge transfer. You know, you don't want anybody kind of holding all the keys to any one item. So your business has been around then. It went through the same experience we all did when it went through

COVID. But I feel like small businesses had a really unique situation in having to deal with the complexities of everything that was happening in the world and being a small business and thinking about, you know, all the ancillary things that you had access to, like the PPP loans and things like that. How did you help bring stability and leadership to your group during that time when so much was uncertain?

Jared Rosenthal:

Yeah, well, you know, we had two office slash clinics where we had call centers, but we would get walk-ins. People come in for paternity tests and drug tests, breathalyzers. And of course, we sent everybody home and paid for their Internet and said, all right, and hope that the phones would actually work. Right. We had hard phones and the server was in the office. Right. To switch to becoming, you know, put the server in AWS, hopefully the connection is good over the internet. And somehow that really worked. Right. And so that, you know, first couple of months of COVID, it looked like we might just, you know, just go out of business. Like this business just dried up. With us in the employment screening space, a funny thing happened, you know, like some large percentage of the workforce got laid off and then they came back. So as they came back, it actually started to really increase business because now we had to, you know, now they were doing the screenings that maybe they otherwise wouldn't have done. So, you know, in the end, it kind of balanced itself out for us and then leveled off.

Shari Simpson:

What coaching or what conversations did you have to have with your employees during that time? So that they knew that you were working on it. Because obviously I'm sure they were cognizant of the fact that you're a small business and you could have gone under during that time. That creates a lot of stress and anxiety for employees as well as yourself as an owner. Yeah. Were you really transparent with them? Did you feed them little pieces here and there? How did you tackle that?

Jared Rosenthal:

Well, I think that, you know, for my team, a big thing was, hey, we want to be

with the clients, right? And you get a real tactile understanding of the business when you see the clients every day. And even if I think back how I started it, it was a truck out on the street, right? Really part of the community. And I always believe like that's how I'm going to learn the most and be the closest to it. And the truck would pull to the office and then the office staff would see the truck and it was all kind of connected in my mind, right? And so then to remove all that and say, all right, now you're just gonna take calls from home, right? And you still talk to clients, but a lot more of it is on the web and that's a tough thing. And so it was talking them through, well, why is this ultimately better for the business? And why is it something good for you and your job? And to show them that, hey, we could scale better now. So in a way we've become more secure in the business because we can do more. And then if each person, you know, sort of whatever that reach is called, FTE to revenue or something like that, you know, that starts to grow and you could show them that and show them that, hey, we're doing better as a company, which means it's better for all of us. I also did a unique thing for Business by Size, which is we set up a stock option plan. So by showing them things like the numbers and their performance, I could also show them that their options could become worth more with some of these strategies and that helps a lot too.

Shari Simpson:

That sounds amazing. Did you find that you had to change your approach to things like reward and recognition now that your workforce was more distributed?

Jared Rosenthal:

Yes, definitely. The distributed workforce, you know, I never thought would work, but it really turned out to be a great thing. And nobody's ever late. And that's one thing. And meetings, you know, if you've ever stood over somebody's shoulder trying to work on, you know, computer files, it's painful. Your neck hurts and you can't. Doing it on Zoom or one of these tools is actually way more effective to share a screen and look at that. So those things really helped a lot. And of course, the reward, just not being with people. If you tell them, hey, we've got these stock options and one day they'll be worth

a lot of money. If they don't see you every day, maybe they're not going to trust you as much. And so then the impact of that incentive becomes less, right? So you have to look for other types of incentives or other types of trust building to make sure that that's still there.

Shari Simpson:

What other things did you do to, what other kinds of trust building did you yourself do?

Jared Rosenthal:

Well, we, well, in terms of, well, I'll take the incentives first. We do, like we did a March Madness. So like the team has, you know, sales goals and built-in incentives that's done on a monthly and annual basis. But I also like to throw in, you know, just a unique contest we would do. Like in March, it says, you know, here's a special for this year and every year it's different. And it's just kind of fun. We do a thing currently where the person that gets the most five-star reviews I was going to get a, you know, Apple gift card for 250 bucks or something like that. Throwing in unique understanding that not everybody's incented by the same thing. And there are short-term incentives that some people respond much better to. There's long-term. Some people are just all about deferred gratification. Other people are all about recognition, right? So making sure that whatever you set up is not what is incentive just for you, but it's that it sort of hits all those notes for various people is an important part of creating an incentive comp or a recognition plan.

Shari Simpson:

It's so true to think about the concept that you just said, that don't think about an incentive that works for you, but what works for your employees. I kind of think it falls in that same bucket. Sometimes when we have those conversations about employee swag, like, should we brand it with our company logo or not? And like, what is the intent actually, right? Like, is it advertising? Because if it is, let's just call it that and, you know, and use it that way. But if it's not, maybe it shouldn't have our logo on it. Maybe something else should be put on it, you know?

Jared Rosenthal:

Right. One of the things that I found in prior jobs was that recognizing people that really worked hard helped a lot with their significant others to understand the value that that they were. Maybe their spouse at home says, hey, they're working you so hard, you know, that place is, you know, you're never home. Does that. But then when they see that significant other come home with a trophy or a plaque or something like that, that also has sort of a subtle, subtle little trick that goes a long way.

Shari Simpson:

I love that. All right. So I want to ask your perspective as a CEO, because you just had shared that you didn't think remote work would work. I know that there are a lot of leaders out there who still think that. What changed your mind? Was it just that you had to rip the Band-Aid off and do it for your business to survive? Or was there some sort of maybe aha moment that you had during this process that changed your perspective on that?

Jared Rosenthal:

Yeah, I think the biggest thing was the connectivity, right? And that was what I feared the most, not being a big company, not having a fancy VPN setup and all this stuff was proving that it could work, you know, remotely. So, you know, when you're close to a server, that physical proximity makes a big difference in terms of speed. And I said, what if the thing just seizes up and, you know, So I had to learn some tricks on how to optimize the system for that, you know, distance, right? And also I had to pay up for faster connections for everybody, right? So, you know, why give them a \$60 connection if I can give them a \$120 connection and that's going to save me hours and hours of optimizations because now they'll just worry, we'll have that problem, right? So certain times, you know, if you don't have the skills or the time to do it, you can pay for things like speed and that can make a big difference. And the other thing, like I said, the consistency that we have by work from home in terms of the hours that people work is amazing to me. You know, in New York City, you know, always everybody's late for, you know, subways, you know, stopped in traffic, you know, and and, you know, I used to cover the phone. We used to open up at seven thirty. I remember I used to sit on the steps of

the gym waiting to go in until the first person showed up was supposed to be there seven thirty. But oftentimes it was eight thirty and taking calls on my cell phone and trying to, you know, it never happens anymore.

Shari Simpson:

I love hearing that because I think there is so much value when when CEOs or leadership have a different perspective and how they got there. Because it's interesting to hear as an HR person, you know, wanting to be able to influence change in an organization. And often that is persuading a leader to think something maybe differently. Thanks for sharing that. I appreciate that. You know, as you have worked in these different roles, how have you encouraged like that fail fast, learn fast mentality?

Jared Rosenthal:

Right. It's an interesting question. So, you know, sometimes we don't. Sometimes we wait too long on things. To correct them. Let me think in terms of that specifically, you know, the impact, I guess, just on the tech side, you know, the impact of not correcting things, you know, it starts to compound, you know, it's like the tech stuff is almost like, you know, you drop a few seeds in the ground and come back in the spring and they're everywhere, right? Like weeds, right? And it's kind of the same thing with tech. So if you don't fix it, then to fix it later is just so much worse. So it's pointing out these things when they occur and saying, hey, look how much worse this was because we forgot exactly what we did. And now it's everywhere. I remember one time somebody had the idea to remove the S from all of the names in the system. So instead of companies, it would be company, even though it's a table of company. So it was, all right, let's remove the S. Man, that was like two weeks of pure hell. And then it was using the opportunity to say, OK, you know, we're not going to blame a person, but we say that, you know, this is why it was so bad. So let's be sure. Oftentimes, especially with systems, you know, people just make a quick change. Right. But that quick change could be a much bigger thing than anybody realizes without really looking into the details. So I think in answer to your question, you know, identifying problems when they happen, calling them what they are, using it as a, you know, learning opportunity makes a big difference.

Shari Simpson:

Well, and you can have that upfront cost of time, but it's going to give you so much return on the back end once you are able to fix things or try something new and learn from that. You know, as you think forward about the future of leadership and small businesses, what is the single best piece of advice that you think you can give to other leaders listening who are navigating things like high change and creating innovation in their organization and trying to introduce things like risk?

Jared Rosenthal:

Well, I think the, you know, leaders fall into different categories, right? I think one of the things that I've tried to focus on are people that, well, if I try to speak or, you know, share some of these things, are people that haven't had these models or this behavior of leadership hasn't necessarily been modeled for them throughout their childhood or adulthood, whatever the case may be. But a lot more people in middle-income communities, lower-income communities are starting to become entrepreneurs these days. In different ways. And there are challenges. And if you never saw anybody deal with some of those challenges, it can be very hard to see that you could actually get through them. And, you know, we've had many examples of, you know, not many, I would say, but three, four times in the 15 years I've been in this business where it was really bad, you know, something went wrong and just, you know, it's like, why did I do this? Now I'm stuck in this situation. And but getting through it, each time you get through it, the next time a problem like that happens, you say, okay, I got through it before. You have the own example in your head. And so to try to give people those examples so that they know that they can get through these things and that it can be done, I think is important.

Shari Simpson:

Well, Jarrett, thank you so much for your perspective and your advice. I'm glad that you got to sit down with me for a few minutes today and jump on the podcast with me.

Jared Rosenthal:

Yeah, it was a real pleasure. Thank you, Shari.

Shari Simpson:

I hope you enjoyed today's episode. You can find show notes and links at TheHRMixtape.com. Come back often and please subscribe, rate, and review.