

## PBS Ep 132 Edited Transcript - Building a Blockbuster Business with Tate's Bake Shop Founder, Kathleen King

**Patti Brennan:** Hi everybody, welcome to "The Patti Brennan Show." Whether you have \$20 or \$20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives. I am so excited about today's podcast.

Today we have Kathleen King with us. Not necessarily in the studio, but with us to talk about how she started Tate's Cookies, some of the trials and tribulations that she went through, and then how she got to the other side. Kathleen, welcome to the show.

**Kathleen:** Hi Patti, thanks for having me.

**Patti:** Kathleen, you can't see me necessarily, but first and foremost, for those of you who are watching, I am surrounded by Tate's Cookies. They are my favorites. I must tell you, and I hope this is good news for you....

We went to the store to get the cookies and the cookie section is probably 10 feet wide. Do you know that there were only six bags left? That's how popular these cookies have become.

**Kathleen:** Oh, that's good!

**Patti:** Today we've got the nation's expert on how to bake the best cookies, Kathleen King.

Let's just start out because I think that the purpose of having you on the show today, Kathleen, is really to learn some of the lessons that you learned in starting your business when you were 11 years old. Why you might have started it, how you grew it, what happened, and how you had to start all over again.

Let's start from the beginning. Take us back to when you were 11.

**Kathleen:** I started baking and selling cookies when I was 11 at my dad's farm in Southampton, and it really wasn't my idea. When you grow up on a farm, the minute you walk, you work. At 11, he told me I was old enough to buy my own clothes for school and he said you can bake cookies and sell them at the farmstand, which was right outside our home.

I was like, "OK." Back then, also, no was never an option to your parents, so I started baking and selling cookies, and one thing led to another. By the time I got into high school, I was baking 10, 12 hours a day, seven days a week in the summer.

**Patti:** Were you doing all of that at the farm?

**Kathleen:** Yes.

**Patti:** Wow.

**Kathleen:** I was only selling to the farm stand. I wanted to be a veterinarian, but I was smart enough to know I wasn't smart enough, so I said, "I have something with these cookies. Maybe I'll do something with that."

Then I went to SUNY Peekskill for two years. When I graduated, I started making cookies again in my mom's kitchen. At the end of the summer, she asked me what I planned to do. I was like, "I don't know." She said, "You can't use my kitchen anymore."

I was like, "OK." She said, "There's a bakery for rent up in town, so go check that out." I was like, "OK," and that's what I did. I started renting that bake shop because I needed a job and I needed to move out of my mother's kitchen.

My mother was awesome because she saw what needed to be done and she pushed me to do it, like she did my whole life, which I still have gratitude for...

**Patti:** It sounds like she believed in you probably even before you believed in yourself. She was guiding you and nudging you maybe to do something that you didn't necessarily want to do but you needed to do, right?

**Kathleen:** Yeah. I was the youngest of four. She believed in me, but also, they pushed you. They just pushed you to do your best. They weren't the type that set you out to go to Harvard and be in the corporate world. They just wanted you to do your best and did not ever let you have fears.

I remember when I had to drive upstate for the first time, and my friend didn't come. She said, "What are you going to do?" and I said, "I'm not going to go." She said, "Yes, you are." She made me get in the car. This is back with no cell phones, no nothing. She wrote down the directions for me, and she said, "You're going to go."

**Patti:** Wow.

**Kathleen:** I'm like, "I could die on the side of the road," and she's like, "Bye." It was that kind of spirit that made me who I am because I don't have fears. I'll get in the car, drive wherever. I'll do this, I'll do that, and it's all these pivotal moments of parenting, really.

**Patti:** That's amazing; it was helping you to blow through your fears and just do it anyway. We all have fears, right?

**Kathleen:** Well, yeah.

**Patti:** Someone once said that fear is false evidence appearing real. Sometimes you've got to feel the fear and do the stuff anyway.

**Kathleen:** You always have to fight the fear, no matter what, whether you're afraid of the dark when you're a kid or this. You don't put in the nightlight. You say, "Deal."

**Patti:** That's exactly right. You just deal. You figure it out, do it anyway. You had the bake shop. You were baking in the bake shop in Southampton. Things started to take off, but it wasn't called Tate's Cookies back then, was it?

**Kathleen:** No, it's called Tate's Bake Shop now. Back then, it was Kathleen's. It started as Kathleen's Cookie, and I changed it to Kathleen's Bake Shop because Kathleen's Cookie was limiting since it only made it sound like we had cookies. We had more than that.

**Patti:** I was going to say you didn't need a Harvard degree to figure that out. You figured that out on your own. Good for you.

**Kathleen:** Yeah, not like a Harvard degree would be bad. [laughs] I was not capable of achieving it no matter how much my mother pushed me.

**Patti:** You and me both. That's fantastic; you had Kathleen's Bake Shop, and you were baking cookies and everything else that went with it. What happened? You graduated from college. This was going well, I guess, right?

**Kathleen:** Yeah. I always did well, honestly. We always had good sales. I continued to grow. I put all my money back into the bake shop. When I was 23, I outgrew my space.

Again, I said to my parents, "I have to move. My space is too small," and my mother said, "There's a bakery for rent up the road." I mean a bakery for sale, not a bakery, a building for sale up the road. I was like, "Oh, right." She said, "It doesn't hurt to call." "Fine."

Then the usual, "Did you call?" Of course, you have to call because you want to stop the whole conversation...

**Patti:** Absolutely.

**Kathleen:** and so I call, and I just got lucky. The guy that was selling the building was willing to hold the mortgage. I had \$40,000, and I needed \$50,000 as a down payment. Back then, the interest rate was nine and a half percent...

**Patti:** There you go.

**Kathleen:** and was a 15-year term. I managed to scrounge up the other \$10,000, and my business plan was I can sell now, so I moved into that building when I was 23.

**Patti:** Did you keep the original bake shop, or did you move entirely into that new building?

**Kathleen:** I moved into the new building because it was just up the road.

**Patti:** Fantastic, so you had this local following who loved you, believed in you. How did it get...I have a place down in Avalon, New Jersey. We can't get these cookies. They just go off the shelves. When did it become less local, I should say?

**Kathleen:** When did what?

**Patti:** When did you go more on a national basis?

**Kathleen:** I started wholesaling soon after being in business. Into the city I brought cookies and delivered them and started building my wholesale business then. It was a seasonal resort area out here, and I wanted year-round employees and not to start over every spring.

I continued to build on that. First starting with Manhattan, then the East Coast, West Coast, and then the middle. I was doing that with Kathleen's Bake Shop. When I was 40, I made a bad business deal and took on two partners and ended up losing everything.

**Patti:** Wow.

**Kathleen:** I had to start all over. I lost my name, Kathleen's Bake Shop. I had to start over. That's how I came up with Tate's Bake Shop - that was named after my dad.

**Patti:** One of the things that I think is fascinating about your story is that pivotal moment when you took on these two partners and these partners were moving Kathleen's Bake Shop in a direction that you wanted no part of.

The reason had nothing to do with financial, necessarily, it had to do more with the quality of the product.

**Kathleen:** The quality of the products was going down rapidly. Also financially, they were driving the business into the ground. They were not paying anybody. They were ruining the integrity of the entire brand, and when I started paying vendors, they came up and fired me.

**Patti:** The reason that you were paying the vendors from the Southampton shop is because they weren't doing it from the Virginia place.

**Kathleen:** Exactly.

**Patti:** That says so much about your integrity. You wanted to make sure that your employees were getting paid, that you considered your vendors' partners, and they deserve to be compensated based on the agreements that you had with them.

The moment that happened when they weren't being paid, that's not OK. That was not OK in Kathleen King's world, and you found a way to make sure that they remained whole. I think that says so much about you.

The fact that your new partners didn't look at it that way and they came up and fired you when you were the one that started the whole thing. That's an amazing story.

**Kathleen:** It happens all the time to people, unfortunately.

**Patti:** I know, doesn't it? It does. What is amazing to me is that, yes, it happens all the time, but what happens next doesn't typically happen. What happened next?

**Kathleen:** I re-mortgaged the building I bought when I was 23 and was able to get money to start Tate and had a mission to grow the business and sell the company when I was 55. We built the brand. I hired a business manager and we put together plans. He was fantastic with projections, and I executed.

At that point, I was not emotionally attached anymore. Kathleen's Bake Shop was my baby. Tate's Bake Shop was a business, and that's where I learned everything.

**Patti:** Wow, that's powerful. In our lingo, it's the difference between having a financial planning or a wealth management practice and having a wealth management business. Very different approaches to this world, and you've found the same thing.

Rather than being so emotionally attached, it was a business, you treated it like a business. You got the right people on the bus to do the things that needed to be done. I'm curious, as you worked with this manager, you set a plan, did the plans change a lot?

When you first started, when you were 40, did you anticipate that it would do what it ended up doing and growing as it did, or did you make a lot of changes?

**Kathleen:** That was the plan. My plan was to grow a business, to sell at 55 so I could retire. Once you have your plan and you have your goal, then it's about executing. A lot of people

don't even have a goal and then they're driving all over the freeway looking for the right store. You set your goal and you execute.

**Patti:** I think the execution is the most important thing. There's a book that I read probably about 10 years ago that changed my life and my business. It's called "The 4 Disciplines of Execution". It was written by Sean Covey and two other authors.

They talked about exactly what you're referring to. It's one thing to have a plan, it's quite another to act on it. It's the actions that you take to execute the plan that make all the difference in the world. Otherwise, it's a fairy tale.

**Kathleen:** I see great ideas. They'll make a product. They'll do this and then they'll have different outcomes. You must be able to be able to take the abuse that comes along with it. People tell you, it's a good idea. People are telling you, it's not so good. People are telling you all sorts of things. There's also lots of people that tell you great things too. It's like anything. You choose every day what you want to listen to.

**Patti:** Boy, is that the truth. It's true. We all have been hit, slapped around from time to time. It doesn't mean we stop, and it doesn't mean that we necessarily listen to all the feedback.

Criticism and failure and all that negative stuff...To me, failure is the discovery of something that didn't work, so do something different. Same thing with criticism. First and foremost, you've got to understand who it is that's delivering it. Secondly, to take it, think about it, and say, "OK. Is what is being said valid?" "What am I going to do about it?"

I can tell you personally, some of the best feedback that I've gotten, and some of it has been negative over the years, they were the greatest moments. I thought, "Wow, thank you so much for telling me that because if I didn't know, I couldn't do anything about it, and because you were courageous enough to share that with me, I get to do different."

Here's what I'm going to do about it. I'm not only going to do something different, how about I circle back in six months and let you know. Let me touch base and make sure that the changes that we're making are effective. I think that's what people really appreciate, is the fact that we are.

You show me any successful enterprise, and I'll show you an enterprise that got there through trial and error. We have our plans. We have our vision. We share that vision with the team with the understanding that it's not going to be a straight line all the time.

People are going to come back and give us different feedback that we may not be aware of or ready to hear. We either make the adjustments or we don't, but we don't lose sight of the end goal.

For you, Kathleen, it was, "55, I'm done." As I understand it, the reason that you said that is because doing what you were doing was a 24-hour job. It was a lot. It's consuming. Any business owner out there listening today will probably agree when you are starting, no matter what season of life a business is in, it can be consuming.

At the end of the day, you're not going to take it with you.

**Kathleen:** Right.

**Patti:** To ask those questions, what's important, what is your legacy, what gives you joy, what makes it fun for you, etc., those are the things. To me, it's not just achieving for achievement's sake. What kind of impact can we have on other people in other people's lives?

That's what you did with Tate's Cookies, Tate's Bake Shop. All the things that you've done. It's just amazing to me that you had the courage to start all over again, accrue some debt. Debt's scary for a lot of us businesspeople. Debt is sort of like gaining weight. It's easy to put on. It's tough to take off.

**Patti:** Especially when we're building and we've got other liabilities because debt is that thing out there, that big ugly thing. We've got people also that have devoted their lives, have devoted their careers, and need to be compensated. We need to have their futures in mind.

As we pursue our mission, at least for me, I want to make sure that I'm helping other people live their best lives as well, to pursue their missions, and to figure out what that is with them.

In doing so, it's amazing how learning about those people and being on the same team, they make so many contributions that I personally could never do. I might be halfway decent at one or two things. That's pretty much it. I need all these people to do all the other stuff that needs to get done.

For me, that was probably...I don't know. We have our pivotal moments, epiphanies. Personally, I had a lot of epiphanies, which meant were a lot of little lessons along the way to course correct.

I think that from your story, you had some major, major pivotal moments. Then, to me, the most impressive thing is when you got there, you're like, "OK, I'm done," and that was it.

You were able to get a different set of partners involved, and they've taken Tate's cookies to whatever level that they wanted to take it. Now you get to live your life.

Here's the question for you. What's that been like? You were consumed, and those are my words, Kathleen, not yours, but when you were 11 years old you needed to buy a pair of jeans, so you're going to bake some cookies.

**Patti:** From the age of 11 to the age of 55, double nickels, that was your life. What's it been like since?

A lot of people come to me and say, "Patti, I want to retire. I want to retire," and part of what we do here is to prepare them for what that might look like. "Let's do a dry run." What's that been like for you?

**Kathleen:** Retirement is great. I was ready for it, and I wanted it. I gave up my youth to work, and so now I like doing fun things. I don't join boards. I don't join committees. I'm philanthropic but mostly from behind the scenes.

I'm trying to learn Spanish. I take dance lessons. I'm taking some ceramic classes. I travel the world. I have time for friends and family. I'm a cyclist, so I cycle around. I just live my life.

**Patti:** Are you living your life in the same town where you started your...

**Kathleen:** Yes.

**Patti:** Wow, that's really cool. That is so cool that you did it, you remained, and you're there, same community. You're the same person. You're not different. You're getting your youth back. You're doing the things that maybe you didn't get a chance to do earlier on.

I think that it is so cool that you're developing those neural pathways. What I've learned over the years is that some people do the opposite of what you've done. You're doing so many different things that you never had a chance to do.

My father-in-law, the day he retired was the first day of the end of his life because he wasn't engaged.

**Katherine:** It's not one against the other, but more common with men.

**Patti:** 100 percent.

**Katherine:** That is my observation because women are multitasking creatures. We're used to it. We're used to multitasking and adding things. We're also more community oriented as far as friends and getting together and things like that opposed to men.

I don't know what the younger generation is more like, but I know my generation. They tend to be more...I don't know.

**Katherine:** Work is more of their identity. Where for me, Tate's is a part of who I am. It's not my identity.

**Patti:** It's something that you did.

**Katherine:** It was something I did. It's something I created and I'm proud of it. I'm happy that people love it, but I feel like I have so much more. I think it's the way people get their upbringing. Men and women, in general, we're not all the same.

**Patti:** Absolutely. For me, the takeaway that I've gotten from you is that, in this next season of life, you're doing different things and you're staying engaged.

It's so interesting because the amount of money that people have doesn't define them either. Although some people think it does, only to find that it's really an empty promise. We are who we are because of the people that we surround ourselves with, the lessons that we have learned, and what we give back to others.

**Katherine:** I said I live in a wealthy area, and it's been shocking to me since day one and shocking to me now even that how people think money makes them a better person.

**Patti:** Very interesting. Yeah, it doesn't. It's not money itself. It's what people do with it. There are a lot of really super wealthy people that I know who great people and there are are really super wealthy people who are awful, mean, and demanding. I fired them because I'm not going to tolerate it. Just because you have a lot of money doesn't mean anything.

**Kathleen:** It's the same if we can say that about every group. There's always good and bad. It's just shocking to me that that's the general attitude. Some of the people that have money think that they're better than somebody else.

**Patti:** I think the pedestal stuff is where it really becomes a problem because the people who don't have money assume that the people who do are really smart or they're really this or really that.

In fact, the person who is just starting out or who may not have, they're phenomenal people who would give their shirt off their backs. That impresses me far more than somebody's bank account.

**Kathleen:** Yes.

**Patti:** Let's pull this together. If there is anything that you could share, lessons in business, things that you learned, do's and don'ts as it relates to whether it be business-related, your current season of life, what would you say?

**Kathleen:** I would say, never take on a partner because it's a sense of security. I would say, perseverance is key. Be prepared for hard. Be prepared for sacrifice. Try to maintain balance in your life because nobody ever knows how much time they're going to have.

**Patti:** Boy, is that so true. I used to close seminars and when I'm talking to audiences, I use that hourglass example. I would take an hourglass and I'd flip it over and I would say, "None of us really know how many grains of sand we actually have or when the last grain will fall."

I personally appreciate that Kathleen King has given us a few grains of sand today. I really appreciate everybody who's listening to and watching this show today because it's big. I think your points are so important for us to remember.

Be careful about taking on partners. No matter what, persevere, grind through it because it's not always going to be easy. This stuff is hard. Then last and probably most important is understanding balance.

I would probably add to that, if I may, Kathleen, that balance is one of those things that happen at different times in our lives and I speak for myself, where I've been completely unbalanced. I just needed to have some perspective that that was OK. That was just a period of life when my business was first starting and I had four kids and my life was my business and my family. That was it.

There was no community involvement. There was no spiritual. I wasn't going to mass. I wasn't doing any of those things. I just had to accept that that was the season and that had to be OK because things weren't easy. These kids didn't ask to be brought into the world. Ed and I brought them into the world. That was a responsibility.

Sometimes life doesn't always feel balanced. I think in the end we make our life choices. It's like what Suzy Welsh said in one of the meetings that I went to, "We don't always have work-life balance so maybe we reframe it and call it work-life choices with consequences."

I didn't have any community involvement. The hospital didn't even know that I existed. When my kids graduated, they're like, "Wow, Patti Brennan. Gee, who's Patti Brennan?" They came to me and said, "Wow, you have an amazing national reputation. We didn't know that you were here." It's because I didn't tell them. They had no idea that I existed. That's OK because I wasn't ready for that.

They've invited me to get involved. It's been so much fun to get involved in the hospital, help them merge with Penn. Balance is so important because it makes us feel whole, like real people, because that's what we are. We are people. We are not our money. I think if anything, that's what I've gotten from you today.

Kathleen, we'll wrap this up. I can't thank you enough for your time today. I've learned so much from you and about you. You've got the substance. You're so impressive to me. I'm so grateful that you took the time to share some of your insights that you learned in business and in life with all of us today.

**Kathleen:** Thank you for having me.

**Patti:** Thank you. Thanks to all of you for joining us for the "Patti Brennan" podcast. It's been fun. Thank you so much for sharing it.

By the way, a special shout-out to Tim King from John Hancock. If it wasn't for Tim, Kathleen wouldn't have joined us today. Tim, thank you so much for everything that you do. He's our executive producer outside of Key Financial. He has brought so many great people onto this podcast program and most notably Kathleen King.

Thanks to all of you for joining us today. Take care.

**Kathleen:** Bye-bye.

**Patti:** Bye-bye.