



Episode 7

Annie Hyman Pratt



Annie Hyman Pratt, Partner and Executive Leadership Consultant, an accomplished C-suite operating executive and business consultant for more than 20 years, works with entrepreneurial companies undergoing large scale change (often to the business model), rapid growth, and reorganization. Annie's executive experience includes growing her family business as the CEO, The Coffee Bean and Tea Leaf, more than 10X over 7 years from a mom-and-pop 7 store chain to a highly prized international brand. Annie successfully led the company through an unusually high value sale to the current owners that continued the expansion and boast over 900 stores today.

Sought after for her unique "been there" inside perspective and results driven orientation, Annie has helped many companies execute on growth and reorganization strategies, while also implementing an inspired, high-functioning performance culture.

Voiceover *This is Business Reimagined. Rethink what's possible. Push the boundaries. Break new ground.*

My goal everyday is to make people feel, or think.

When I saw the internet, I knew that that was going to change publishing forever. I just felt it.

By falling down a lot and having to keep getting up.

The work that we do, feeling good, but the marketing of the work can actually feel good to us, and also to the people receiving it.

This is Business Reimagined with Danny Iny.

DANNY Annie Hyman Pratt is a partner and executive leadership consultant



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at IMPAQ, where she works with executives and leadership teams to make their organization stronger by making them more human. On today's show we dig deep into the human dynamic's that really drive success and can stop it dead in its tracks. Annie first began learning these lessons herself while working at parent's company, The Coffee Bean and Tea Leaf.

ANNIE I'm one of five kids and I was the only one working in the business at the time and it was my family's business and I grew it from something pretty small to something pretty darn big over seven years in my twenties. We were very traditionally funded, so there was quite a bit of risk on the table there.

DANNY It's an understatement to say that The Coffee Bean's growth was going well. Under Annie's leadership it had transformed from a mom and pop seven store chain to a highly prized international brand over ten times the size. With that success came some pretty big risks. Being traditionally funded means bank debt. Basically for every dollar you make you can borrow another dollar. That lets you grow really fast, but if the economy were to turn down you'd have a mountain of debt that wouldn't be easy to payoff. That risk led Annie's parents to a decision that would end her tenure at the Coffee Bean.

ANNIE My parents had been through ups and downs in the business; including having a time where they almost closed it down during a time that was really difficult and the late '70s/early '80s. It's real risk and it's something that I certainly couldn't fully appreciate as a young business person in my twenties, because I hadn't been through business cycles of having debt and then have the business turn down, but my parents had. Then when they got an offer from overseas licensee and it was a good offer, they took it. It was that simple.

DANNY When her parents sold the company, Annie felt as though everything she worked so hard to build over the past seven years had been



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yanked out from under her.

ANNIE It was put so matter-of-factly and I was stunned and had a hard time even figuring out what to say. Then when I finally was able to say something it just didn't go anywhere, it was like we've already made a decision; that's it. Yeah, so certainly I felt disempowered, I felt betrayed, I felt like nobody was looking out for me. My parents, I'm sure, felt like I couldn't appreciate what opportunity I had, and that's true.

I couldn't even appreciate the fact that our family was going to do well financially in this, that it was going to secure things for our whole family and a lifetime of worth for my parents; a lifetime of their hard work. I couldn't appreciate any of that at the time.

DANNY As you might imagine, it took Annie some time to come around; to really understand why her parents sold when they did, but that time and process was important because in finding her peace with their decision she also found a direction that would shape the rest of her career.

ANNIE I did it on a bumpy road and by falling down a lot and just having to keep getting up. At first, oh my gosh, in the early days it just felt like I've fallen so far I can't believe I'm going to jump out and just do some consulting here. I've gone from the bean queen to just any old consultant, that's what it felt like in the early days, but as I was working I was able to enjoy my work. I was able to jump into clients and at least have it not be about me when I was there. I don't know if that makes sense.

DANNY Well, explain that, like what do you mean? What do you mean by that?

ANNIE When I'm working in a business one of the best things about it is that it's not all about me. It's like I am getting to work with other people



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on, partnering with other people really, on producing a result. When I'm doing that I get to lose ... There's a lot of me that gets to lose myself in it. It's kind of my flow state. I really love business and when I'm getting to work with other people in it it's a chance for me to do something that I'm good at, that I enjoy, and have it not be all about me.

It's about what we're moving towards and about working with others, what can we do to get there? I did that a lot. Working was a respite for me from the difficult feelings I was facing. Then on the other side, I certainly worked with some therapists, like I said, I leaned on friends. I went to a long and wonderful personal growth and psychology program through the University of Santa Monica and I learned a lot about self-forgiveness there, you got to just bottom line it.

DANNY I like that, it's something that I tell the people on my team a lot, the best we can do is the best we can do.

ANNIE Yes.

DANNY And we just have to remember that and cut ourselves a break.

ANNIE Yes, exactly, and it's the best we can do at the time, right? I mean the terrible thing about looking back and thinking about all the things you should have done, is that, well, at the time I did the best I could.

DANNY That's exactly right. What was the bridge from there to where you are now? Talk about that transition.

ANNIE Oh yeah, as I was working with companies, like I said in these interim executive roles, what I would find [00:06:00] is that we could line up great strategies, we could produce wonderful dashboards and get the metrics all right and have great goals to shoot



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for, we had solid vision statements and a really strong mission, everybody was onboard, but things really fell apart in how people worked together. It's like the strongest strategy falls apart if people can't work together well.

For me it became really clear that it's all about the people; not only about who you've got on the bus, so to speak, but how you're working together as you're going a long; especially in times of challenge, especially in that we're all human, mistakes get made. How we work together through all that is a big thing. As I became more interested in that then I started to study more about behavioral psychology. I got very much into learning all I could about leadership and working with teams and I met my business partner in there, who was been working with business execution for a very long time.

DANNY Amazing. Annie, I want to dig into something you said, because you said it very kind of matter-of-factly and nonchalantly, like it's totally obvious and no big deal, but actually isn't obvious to most people and it is a big deal. This idea that fundamentally what leads to success and results is people being able to work together and execute, as opposed to strategy. It sounds obvious, but when people are in trouble, they rush to the strategy books. When people need to get better results strategy is where they go. This is quite a revolutionary thing that you're saying, so talk more about that.

ANNIE I think that people have the pyramid reversed a bit. It's like most people think that strategies get developed top down, that it's like the smartest person in the [00:08:00] room should develop the strategy and then everybody else is below them is just going to execute on it. The thing is, is that this world is moving faster and faster and the best, most important information comes from the people that are doing it.

When they're doing their actual work, if they aren't in an environment that can surface really good information, if they're not in an environment where they can handle challenges, where they can resolve conflicts, where they can have good decision making, if all of



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that isn't working there, then the strategy just, not only can it not be implemented, but you won't even have a good strategy to start, because you won't be working with the best information to even make a strategy.

DANNY Why do you think it is that most people see it so differently? Why this knee-jerk kind of rush to strategy? Is it just that the people ... Kind of the idea that the smartest guy is at the top of the pyramid; is it because that's the guy who's likely to spend lots of money hiring the strategy consultants or is there more to it than this?

ANNIE I think it's maybe kind of a double thing. When you have some hugely intelligent people in your organization there's a strong tendency to will let them decide because they probably know best. The second thing that I think people misunderstand about strategy or making a strategic decision from the top is that people at the top are often thinking ... They're under the illusion of control, that they have enough control to make a strategic decision and just have it be implemented and work throughout. That illusion of control is exactly that; it's an illusion.

The people that are actually going to carry out the strategy not only do they have to understand it and be onboard with it, but they have to be working with each other in a way that can carry it through and that they can influence and impact it when it's off. I think that knee-jerk reaction is one of it seems like if I make the strategic decision and all of you carry it through I'll be able to see faster what's working and not working.

It's having environment where people are much more free to make decision at the level that they need to happen and have that information all surface up. It's messier, like it feels like you have way less control, but at the end of the day it's so much more effective, because when people are willing to kind of dive into the mess and work with it, then the information that you need and the way the world really works, like how reality really is, shows up and then you get to work with that to make the best strategic decisions. Strategic



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decision made from the top they often just don't take into account reality.

DANNY Is it that messy is good or is that, I guess the opposite of messy, is it the clean or whatever the opposite would be, is it that that's just not found in nature?

ANNIE Right. Exactly. It's like you're using control; you're trying to apply kind of a framework and control, which we need some of. I mean we need ... To shape our environment, we've got to exert some pressure on it, so to speak. That's fine, but when you're thinking that you can control everything from a central point or a top point or whatnot, it just doesn't work. You lose so much and everybody below you becomes a pair of hands instead of a pair of hands, a head, and a heart that can think and really work with what they've got and keep bringing you reality of how it really is.

DANNY Annie, where did all this come from for you? I mean, as you said, you need to be able to support people and working together in a really effective way in order to grow. The Coffee Bean grew dramatically under your leadership, so like were you tuned into this from day one or did you kind of just do what sort of made sense to you and then reverse engineer it later? Like what was that process?

ANNIE Yeah, no my method was pretty much learning the hard way. I had the gift of confidence in my twenties. I really needed that, otherwise I think I couldn't have taken as many actions as I did, but I had some major things happen along the way and with support from others I was able to get some really big learning that shaped how I saw things in the future and how I did things in the future.

DANNY What are some situations that happened that ... Yeah, like tell me a story.



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ANNIE I had to learn that blame and criticism don't work to change people's behavior. In fact, they don't even work at all. They don't work at all. When we were growing The Coffee Bean we were building a lot of stores all at once and I had a manager of the construction department who was moving fast and the stores where ... Since we were building a lot of them and moving fast, and we were having to really learn how to build stores on more of a conveyor belt like manner.

During that time though things were running over budget and late all the time and I was super, super frustrated with that, because each store that ran over in budget meant I could build less of a next store, right? If they ran late that meant that I was paying an emptying rent, so all the expenses exponentially went up. At one point I remember walking into a store that was being built and our construction manager was there and he had put the bakery case in the wrong position, he had put it on the wrong side of the register, and not according to the plan.

I immediately got super angry and critical, you know, I'm in the store, the future store manager is there, the construction manager is there, and all of his staff is there, and I'm pretty angry. I'm really giving it to him that he should have asked me before he made this decision on his own that the store was already late and that I didn't even get the budget that I needed in the first place from him, right? I mean it was blame and criticism all over the place.

DANNY It was the straw that broke the camel's back.

ANNIE Yes, it was the straw that broke the camel's back. As I was so angry about this and then we had a problem, that the bakery case was on the wrong side of the register. Why that matters is because people, as they're waiting in line, they're looking at the bake goods and then they can choose, so having the bakery case on the wrong side of the register means we'll sell a lot less bake goods.



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DANNY It sounds like deep down you still kind of feel like you need to win that argument.

ANNIE Yeah. Well the funny thing is the reason he made the decision that he made was because he couldn't meet the aisle requirements and put it on the other side of the register. He had a good reason for putting it there, right? His thing was I won't pass inspections if I put it on the side you want it on, so you won't even be able to open the store if I do that. He certainly had a really good reason.

The thing is that the story's a little bigger than just the situation, because the thing is as I was criticizing and blaming him for all the things that were going wrong in the store, he had to move to a place of defending himself, so telling me why he made his decision.

DANNY Yeah, especially in front of his whole team.

ANNIE Absolutely. Then both of us got trapped, got put into this trap of being in this right/wrong model of I'm right, and he's saying no, he's right, and in the meantime nobody's coming up with alternative solutions for what could make this current situation work. Nobody. Then overtime I had much more difficult time working with this manager of construction, because I became extremely unsafe for him.

DANNY The relationship becomes antagonistic.

ANNIE Absolutely. The budgets that I weren't getting, well guess what? Before when I was getting kind of crappy budgets, after that I was getting no budgets. If he hadn't asked me my opinion about some decisions for this store or for other stores, he went to a place of asking me in a very acquiescing way, almost in a very resentful way.



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DANNY Kind of passive aggressive?

ANNIE Yup, very passive aggressive and our relationship basically fell apart and it impacted not only just our relationship, but then it impacted so much about those stores getting built; getting built on time and on budget. The thing I wanted to go in the right direction went even worse in the wrong direction. Both of us got very isolated from each other. As I was dealing with that, and so upset about it all, I was luckily working with a management consultant, who was fantastic.

He basically helped me come to the place of you got to take a different approach. You got to take a different approach. The different approach that made the biggest impact for me is I needed something else to do when I felt like blaming and criticizing somebody else, like what was I going to do instead? He taught me that I could quickly move to a place of just sharing my own fears and feelings. They're mine.

Sharing my own fears and feelings, so in this case would have been something like, oh my gosh, I'm feeling like this bakery case being in the wrong place is going to cause us to lose so much money in bakery sales and I'm afraid I'm not going to get the return from the store. If I had started there, instead of blaming him for how badly this was turning out, we would've had a much better place to problem solve from. Once I learned that, and practiced it, it completely changed the nature of my relationships.

DANNY Annie, I want to push back here, because you know I have an enormous amount of respect for you and your work, members of my team are going through your training, but I hear that and I think that, okay, yes, that's great in theory and yes you don't want to blow up at someone in front of their team; of course all that makes sense, but at the same time the problem, at least it sounds to me, the problem wasn't that he put the bakery case on the wrong side of the register; that was just the straw that broke the camel's back. Even if that hadn't happened the stores would still have been kind of not on



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time and not on budget.

He wasn't getting you the budgets in time and like all these things were happening already right? What do you do when that's the situation? Like it's easy to say all that, but at the end of the day, like if you, when you were in your twenties, were listening to this, I can imagine if the you of years ago, the you that was in your twenties, was listening to us have this conversation, she'd kind of be sitting there and sputtering. It's like, yeah, but they're always late to get things done and it's always over budget and he's not getting me the budgets when he's supposed, like what am I going to do with this guy?

ANNIE Right, so good question. Here's the thing, when you said when I finally went off it was the straw that broke the camel's back and then I was expressing all the blame and criticism I had inside my head, right? The thing is that as I wasn't getting budgets, etc., I was having those kinds of conversations in my head instead of coming from a place of really looking at how I'm doing, how I'm feeling about it, so that I can approach him early, early, early, early when all that stuff is happening and have a conversation that doesn't have blame and criticism in it so that we can get a better outcome.

It's like what happened, the big illustration of it, I had to get that habit going so that I could speak up really early about things that weren't working and that we could start working on getting a different result. The second that I inserted any blame and criticism in any conversation, it's a show-stopper. I didn't have an opportunity to work on, really of my own doing, I didn't have an opportunity to work on the fundamental problems of why am I not getting budgets, why are these stores going over, because I couldn't come at them from a neutral enough place.

DANNY I've got two big questions for you now.



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ANNIE Yup.

DANNY The first big question is that it's very hard to bring things up early, because what usually you get so frustrated about, what causes you to kind of boil over and explode in a store that's under construction in front of thirty people, like what causes you to do that is that it's not that the bakery case was on the wrong side of the register, it's that this is the latest in a pattern of repeated screw ups.

Anyone of them is not that huge, and conflict is difficult. We don't want to kind of feel like we're making a bigger deal out of something than it has to be. How do you coach or how do you develop that instinct to lean into it and deal with it in the moment?

ANNIE Well, again, it might be counter-intuitive, but, again, you can lean into it in any moment when you're coming at it from owning your own perspective and your own feelings and then sharing what you're going for. In that way you can get to it much, much, much earlier. One of the things I use often is a way of communicating that's about talking tentatively.

It's like, hey, you know what, I noticed I've gotten the last couple of budgets not on time and I want to talk about that. I don't know what's underneath, but I'm kind of nervous that we're not going to be able to stay on track with the budgets here, so what's going on? What's happening? Let's talk about it. Is there a way we can get this back on track better, sooner? Again, it's coming from a place of here's what I'm noticing, but not blame and criticism..

DANNY Okay. That makes sense and like I can corroborate that from my own experience. Like whenever there's an issue you've got to deal with it, you've got to bring it up, because waiting longer it's just going to be worse; like every single freaking time.



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ANNIE Yes, every time.

DANNY Now that being said, there are cases where, for a variety of reasons, you haven't brought it up early, you haven't dealt with it and kind of nipped it in the bud, and maybe it's just because there's been a festering situation that people have been dealing with and they've only now just heard this interview or maybe it's just because they ... Circumstances sometimes conspire.

You know, your hands are tied; you can't deal with that because there's this other bigger thing. Stuff happens. How do you know if you're kind of past the point where this is salvageable? It's like, look it's too late, the dynamic is too messed up, this relationship is fried. It's not going to be fixed; we've got to find a way to part company.

ANNIE And that absolutely happens. I think of it as if something's not repairable, then it's not going to be a fit, and especially if you don't have kind of the ... If the fundamental pieces aren't well aligned. If there's something about the person and then in the particular situation ... Let me see if I can take that out of the theoretical and make that more grounded.

For example, I'll go back to my little example with the construction manager and getting budgets, if it turned out that he was somebody who literally just couldn't put budgets together, just didn't have that competency and getting that competency was going to be too much, too hard, then we've got to part ways; otherwise we're going to be having this same argument over and over again.

DANNY I would assume in such a situation there's a competence gap and he doesn't know how to put the budgets together and maybe he has to learn, but also because of all the times that you ... I don't want to sound like I'm blaming you here, I'm really not.



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ANNIE Yeah. Yeah. Yeah. No. No. Sure.

DANNY Because of all the times you didn't bring things up when you could have and the building resentment and the passive aggressiveness on both sides and all that, it's kind of reached a point where you're so frustrated and angry and he's so defensive and communication's so strained, it's like it's just not saveable anymore. Does that happen?

ANNIE It does happen. It happens to me less and less. I guess I'd throw that into the bucket of the point of no return for me is if either of us have lost respect for the other. If either of us are in a place of kind such big resentment or frustration or whatnot that I, and I'll say it from my perspective, that I no longer believe the other person can do it or something has happened where I'm looking at him and I'm thinking, I don't respect your point of view or I don't respect how you're approaching this.

It comes to a thing that seems to me like such a big misalignment on either values or something fundamental in that way. A lack of respect is, for me, a big, big, big warning sign. If that can't be repaired quickly, then it really is beyond over the edge and worth separating.

DANNY I'm feeling a little bit of frustration because I know that unless people listening to this have had the experience of agonizing about whether or not to let somebody go, they're not going to appreciate how deep and impactful what you've just said is. It's something that like anyone who hasn't had that experience, like put a note in your calendar to listen to this interview again a year from now.

ANNIE Sure. Sure.

DANNY Annie, I want to get a sense from you of ... Like you've got this idea of how things should work in business, what leads to real business success and unfortunately most of the business world doesn't see it



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that way, because they are busy focused on kind of chasing strategy and trying new objectives, which why so many things that people try to do don't work.

ANNIE Yeah.

DANNY You're working with a lot of entrepreneurs and a lot of businesses to show them a better way. What's your kind of win scenario? What does world look like if you've kind of succeeded in your mission?

ANNIE Let's see. Well, if I succeed in my mission then, first of all, people are way more satisfied in their work. They're able to grow and experience the best of themselves while they're working. That doesn't mean that it's all easy, but it means that they get to grow and become better and better in themselves. People also get to work in partnership. I'm so passionate about people working together to produce results because that's when you get the exponential leverage. When you've had the experience of working on a team that generates big, big results that you could never do on your own, there's nothing like it.

I really want more of that for people. I really, really want more of that. The last thing that I think it looks like is that our businesses are designed for people to be human. That it works with how people really are; that we're not perfect, we're not robots, we're messy, we make mistakes, all kinds of stuff happens and that none of that means that you can't have just absolutely excellent outcomes and have a great, great, great time working on them.

DANNY That's beautiful. I look forward with kind of rapt anticipation to see that mission be fulfilled and see kind of world reap the benefit.

ANNIE Yeah. Yeah, me too. I'm working on it one business at a time.

DANNY If you share and feel inspired by Annie's vision of a more human



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work world, where people are happy, safe, and involved in teams that collaborate to achieve great things, take her lessons to heart. Lean into difficult conversations before they become unmanageable, speak tentatively and remember that blame just isn't productive. If you'd like learn more about how Annie can support your organization, visit impaqcorp.com. That's impaqcorp.com.

Voiceover We hope you're enjoying our new podcast. You can help us reach more people so take a moment to subscribe and leave a review, and we'll mention a new reviewer every week.

DANNY Today's reviewer is BryanK97, who says, "Danny has really hit it out of the park on this one. I love the way the interviews are conducted, a real discussion, not just some list of questions. Then there's the content, with experts Danny's interviewed so far, there's tons of great information to help you reimagine your business." Thank you BryanK97, that's exactly what we were going for. There's a place, I suppose, for kind of stayed, formulaic interviews where it's the same question every single week, but we wanted to do something really different and I'm so glad to hear that you feel we've succeeded.

Voiceover This has been Business Reimagined with Danny Iny. Join us next time as we talk with Srikumar S. Rao .

SRIKUMAR S. RAO I have a question for you and everybody who's listening: would you rather be pushed by great pain or pulled by grand vision? This is not a trivial question; each person has to answer it for himself or herself. Would you rather be pushed by great pain or pulled by grand vision?

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