

EPISODE 658

[INTRODUCTION]

[0:00:34.3]

FT: Welcome to So Money everyone, welcome back to the show I hope you all had a great thanksgiving, coming off a week of a lot of eating. Now, we are entering the Christmas, Hanukkah all those winter holidays and just trying them, everything in moderation, right? Well, if you're looking to stock up your pantry this holiday season as you know we have a really nice offer here, thanks to our sponsor, Thrive Market.

If you go to thrivemarket.com/somoney you can learn how to get \$60 worth of free organic groceries and free shipping, not a bad way to round out the new year right? Maybe, end it on a healthy note. Our guest today is the founder and co-CEO of Thrive Market and his name is Gunnar Lovelace.

Gunnar has been a lifelong health advocate and serial entrepreneur, Thrive Market, is actually his fourth company and he's on a mission to make healthy living accessible to everyone, you know, the prices on Thrive Market are radically low. I mean, much, much, lower than you would pay at a place like, Wholefoods, I asked him how he is able to keep the prices so low?

His answer? A pretty good one, "A pretty, pretty, pretty good one," as my friend Larry Dave would say, quite smart. I got a little bit of a business strategy on that one. Also the food market, especially healthy foods; it's a \$10 billion market. So, how do you actually break in? And this, Gunnar also had a good answer for it's not as hard as you may think. I mean it's definitely hard, Gunnar was rejected 70 times by investors before starting this company.

What happened after the 68th time he got rejected or the 69th time, is that he kept on going and, you know, what happened after the 70th time? It's really interesting story, he takes us all the way back and speaking of going all the way back, you know, Gunnar has had a really tough upbringing. He talks about how he struggled with survival trauma, growing up poor. But despite

all these adversities, Gunnar is making a difference for the better and he has the courage and the willingness to persist.

Here is our So Money guest today, Gunnar Lovelace.

[INTERVIEW]

FT: Gunnar Lovelace welcome to So Money it's nice to be speaking to the man behind the brand, the brand that so generously sponsors this show, welcome.

[0:03:03.0]

GL: Thank you, there is actually many of us behind the brand but I'm one of the faces and it's an honor to be here.

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FT: As founder and co-CEO of Thrive Market, let's just get right in to it. I mean, Thrive Market has really identified a need in the market place and that is people who want to eat healthily, but also people who want to be price conscious, and so, tell us about how Thrive Market is entering the market in disrupting it to some ways.

[0:03:27.5]

GL: Yeah, I mean, our mission is to make healthy living easier and affordable to everybody. The way that we do that is we buy directly from the brands and farmers and suppliers and we cut out all the middle men in the supply chain, and we pass the savings along to our members. So instead of making money on the product sales, themselves, we breakeven and we have a membership \$60 a year. So, effectively \$5 a month you get access to the highest quality organic and non-GMO groceries delivered to your home for free and it's, you know, all eco-friendly packaging and it's just really a beautiful community of like-minded consumers who, you know, who want to live a healthy lifestyle and want to take care of their families, but also want to take care of the environment.

[0:04:13.8]

FT: Aha! So there is the answer to the question I had, which is, how does the company actually make money in it? Not on the spread of the sales of the products, it's the membership.

[0:04:25.6]

GL: Exactly yes. We're, we're, like a very curated socially conscious healthy version of Costco online.

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FT: Why aren't more people doing this? Why aren't more companies replicating this model?

[0:04:37.3]

GL: Well, I mean, it's hard to do and it's really expensive. I mean, we struggled to raise our money in the first, you know, first inning we're rejected by over 70 of the top, you know, LA, San Francisco, and New York venture capital firms and ultimately that was the best thing that ever happened to us because the first eight and a half million dollars we brought in came all from, you know, mega influencers and bloggers.

But, you know, it's just super capital intensive. We've subsequently gone on to raise, you know, over a hundred sixty million dollars and when you're shipping thousands of products around the country in a socially conscious way, you know, you have to be very efficient with your operations and logistics. You have to really high-quality standard and that's a difficult thing to do.

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FT: Any interesting being brick and mortar, or is this really working out as more, I mean, you said it's cost heavy, is brick and mortar just not even, I mean, then you'd basically be Costco and then that's a whole other level.

[0:05:38.0]

GL: Yeah, I mean, we have so much scale potential, just digitally online. I mean, there's, you know, so many people now that, you know, want to vote with their dollars, they want to access organic and non-GMO groceries at wholesale prices for the first time in history delivered to their home for free. But, you know, we definitely look at brick and mortar and we got some really interesting ideas but it's going to be a while until we approach that.

[0:06:02.2]

FT: You said, 70 rejections, what happened after the 65th? You still had it in you, right? Were you like "No, this next one is definitely going to be a "yes"?"

[0:06:12.1]

GL: You know, I mean, I think, I tell other entrepreneurs, you know, the key I think one of the key is do what you love and if you're doing something that you love you're going to have the tenaciousness to follow it through and never accept "No." If you really believe that it is something that the world needs and it solves a big problem that just because people say no it doesn't mean that one should stop. I think just showing up every day is half the battle.

[0:06:44.3]

FT: Your last name is Lovelace. So, how does that impact you as someone growing up in this world? I mean, names do a lot to influence and shape and more of who we become. I can say that to someone whose name is Farnoosh, it was not always easy. How has your name – I'm curious because you such a cool, interesting name and a loving name. How has that impacted you and your perspective on things?

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GL: Tremendously, I mean, I had a lot of survival trauma growing up very poor, as, you know, single mom and seeing how she worked to make healthy choices and, you know, I struggled with depression and being overweight and in my last name to your point, I mean, I was like *Lord of The Flies* at school so much so that, you know. I would get so heavily harassed and tortured for example as a teenager that I literally had the documents at one point when I was 12 or 13 to change my last name. So, I have – I think, you know, I think one I have a lot of compassion and understanding for people that don't fit in and two, I think that, you know, those struggles and challenges have made me a stronger, better human being. But, you know, there's clearly like trauma and things like that. I still find myself sorting through periodically.

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FT: In some ways that is, that is what makes you great entrepreneurs. I mean, so many entrepreneurs as children and as adults face adversity. It's like at that point when you're deciding whether not to start a business and almost seems like, it doesn't, sort of, set in the same way as maybe someone who didn't have a lot of challenges growing up. You are more risk tolerant and maybe also feel like you've been through worse things, you know. What's the worst that someone was going to say? "No, I'm not giving you money for your business." Life goes on.

[0:08:44.6]

GL: Yeah, I mean, I think, you know, I have friends that have been come from, you know, come from wealth and they've done really well. But, I – you know I know from myself, you know, I was a full ride scholarship student. I used to dumpster dive for food out of the back of grocery, you know, dumpsters in college for, you know, like I've just had make it happen for myself. You know, there was just never, I just didn't have the opportunity to fall on back then. I mean, I just always knew that I was going to have to make it happen or it was not going to happen.

[0:09:23.2]

FT: Thrive Market is I believe your fourth company and so where in your portfolio of companies – you're a serial entrepreneur – does this exist? And in some ways do you feel like everything

has been building up to this moment or that this is just a chapter in the Gunnar's book of creation?

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GL: I mean, I think, it's both I mean we all have the opportunity to utilize the skills and experiences and failures, a.k.a. learning experiences we had along the way to bring our best and most optimal self to whatever situation we are facing. And, that said, you know, very specifically, you know, I have been looking for an organizing principle that brings people together at scale around the common good my whole life and I've approached it from various directions as a student of social enterprise both for profits and nonprofits.

But, what has been so gratifying and beautiful to see in Thrive Market is just how scalable it is. You know, it doesn't matter who you are, what you believe, what color of your skin is, people want to feel good on their bodies. They want the same thing for their children and when we help people access healthy food for less we are empowering them, we're empowering their communities we're dealing with some of the biggest macro-economic issues, you know, we spent 300 billion dollars a year, you know, just on diabetes related illness which is largely driven by lifestyle choices.

Changing from toxic conventional agriculture to organic and regenerative agricultural supply chains, you know, is arguably one of the greatest challenges we face as a species. You know, conventional agriculture is the second largest contributor of greenhouse gases. So, I think it's been an incredibly gratifying experience to be able to take advantage of all the skills and learnings and work with so many value aligned employees and co-founders and stakeholders, and really solving a problem that I think is really instrumental to our success as a species.

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FT: That's true, it's social consciousness scaled. I think that's a great mission, Whole Foods just got acquired by Amazon in some ways you could argue that was a wonderful way to scale but then some critics have said, you know, "This is totally the intent is – sort of, like the essence of Whole Foods to partner up with the company like Amazon, which is very profit-driven."

What do you think about that and where do you see the future going if a company like yours were to scale to the utmost, what does that look like? Does it necessarily involve partners and acquisition or you think you can do it on your own?

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GL: You know, we're really open, I mean, I think, we have a really – we have a lot of conviction about our ability to execute, understand the loan basis. But, you know, I think we're a huge market and, you know, the truth is that, you know, Amazon has going to be successful in what it does. But, there is a consumer that really wants to be spoken to authentically and cares about values and also just doesn't want to shop at Amazon and we only need one percent of the grocery market and we're a 10-billion-dollar business.

So, we're really excited about our ability to just continue to double down on our core investments, around being aspirational brand that sells previously premium products for less that really has an authentic social mission and educational content that informs and inspires people.

For us what that means is, you know, when you're a member of Thrive, you know, you sponsor free membership for a low income family and when you're purchasing from Thrive you know that you're saving time and money for yourself and your family. But, you are actually really doing good in the world. Like, every single product we carry, every product we develop personally, we innovate on the supply chain and we make it better and often those are on environmental and social justice terms.

So, we think we have – we're much more than just an ecommerce utility. We are a community of people who want to live healthy but also want to do good in the world and save money while they're doing it.

[0:13:37.6]

FT: Yeah, I like this business strategy you just talked about where as finding a 10-billion-dollar market and just go for getting like 1% of that market. You will be successful. That's a great business philosophy. Gunnar, what's personal money philosophy that you have maybe may exist because of your upbringing and your perspectives on life as someone as you mentioned growing up poor, single mom, bullied, has that impacted your relationship with money at all?

[0:14:08.3]

GL: Yeah, I mean, I think, so I mean, like in very simple terms I view money as energy. So, it's just a currency of exchange, it's neither good or bad, it's really the shape that money takes us largely determined by, you know, what's motivated by the person directing that energy. I think that I think that we had, you know, we're driven by very successful biological evolutionary pressure around survival which, you know, drives a lot of fear and greed in to our consciousness.

I think we're at a really critical moment as species where, you know, we have to recognize – particularly those of us that have resources and our in business – we have to realize that our life is about servicing something greater than our own self-interest all the time. And, I think, that's, you know, just generally speaking I think that's one organizing principle that I'm dedicated to.

Is really helping people recognize that, you know, we are immensely powerful and creative if we can face our fears on an ongoing basis and to the extent that we are able to gather money and energy together, we can direct that to have really positive scalable impact.

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FT: You told Worth Magazine, in an interview that you have a triple bottom line, it's people, planet, and profit. And, it also called you an immigrant businessman. I know you're born in Spain but where is your allegiance like, sort of, culturally and nationally do you have like where is home for you?

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GL: I mean, I'm super grateful to the United States, you know, we came in here, you know, my mom is Argentinian, Russian Jew. My dad is, you know, native Dominican African Spanish, so I'm kind of like a global mutt and, you know, my parents weren't – didn't have a successful relationship. So my mother and I ended living here actually illegally for eight years as a child and, you know, a lot of survival trauma and that's it.

I mean, there are just very few countries in the world where you can go as an immigrant and then have the success that I've been able to have and, you know, I've helped create thousands of jobs in my 25 years as a working professional and I think the United States is just an amazing place in spite of all the challenges that we face, obviously I view myself as a global citizen. But, at the same time I'm deeply grateful for the United States.

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FT: What was a memory from childhood that really you feel as an adult even, has impacted your – we talked about your relationship with money but even, you know, your perspective on things. People talk about going back to, you know, witnessing how their parents managed money or didn't manage money well, or their lemonade stand or whatever. Was there like a first introduction to money that you had as a kid and that the memories still alive and well?

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GL: Yeah, I mean, you know, that there – is I believe that there was a lot of financial and survival trauma very early on and my parents really struggled financially and then my mother, when she was as a single mom, you know, obviously that was even more intense. And so, you know, there are periods of time as a child where, you know, we lived off of like rice or like a weird carrot cake bread that my mother made.

So like, I just remember this darkness of that and I remember at a very, very, early age, you know, telling my mother that I was going to be rich and that, I just knew it. And she would say, she was very supportive of me but she was like, "How can you know that? You shouldn't say that, you shouldn't get your expectations up."

And, I just knew that, you know, I could see that it was a way to be able to take care of my family and also a way to do good in the world from a very early age. So I think, you know, growing up super poor like that I think just really sharpened that goal as a focal point.

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FT: Is it still a goal? I mean, you've earned a lot of prosperity as an entrepreneur but how do you define rich today? And, has it fulfilled all of the promises that you thought it would fulfill.

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GL: I mean, that's I think an ongoing process of, you know, I think, I had a lot of success on financial terms but also at a personal level. I think that a real richness is defined by, you know, the comfort that one has in their own skin and whether one is living a life of meaning and purpose and it doesn't really matter how much money you have, you know. If those things aren't aligned and, you know, one is just a hungry ghost chasing for some illusive financial objective or material gain, one is just never going to be happy.

I think that, I think, that, you know, again money has energy and, you know, the only reason I'm interested in gathering more money is because my life is dedicated to doing as much good as possible with those resources. So, you know, there was a point after I sold my first company where I realized that my life wasn't going to change all that much materially and that I was going to continue doing what I do and that's really the case.

Like if I had a billion or 10 billion dollars I would be doing the work that I'm doing today, which is really figuring out how to have intelligent conversations at scale around some of the most important issues and I think food is really at the center of that.

I think we're in serious trouble as species with seven billion of us on the planet and we're facing incredible challenges and, you know, food is a really primary to that and we have to change the way that we are producing, distributing, marketing, and consuming food. So, I just feel like I'm in a great sweet spot around that, you know, being able to be part of the leadership of Thrive Market.

I think that I work with amazing people and I'm super grateful for the passion and talent of the people that we attract and in a personal level, you know, I'm always trying to figure out how to get enough sleep and get the right level of exercise. And, so you know there is a constant process of, you know, dynamic tension associated with, you know, being in a high growth start-up which, you know, is a constant process.

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FT: What was your So Money moment? We ask guests this often; this is the moment where you felt like a lot of your hard work and your financial planning had paid off or it could be when you sold your first company and really hit it big and reinvested that money somehow, what would you say as one? Or maybe you had several?

[0:21:30.0]

GL: Yeah, I mean it – it was actually when I sold my first company and it was, you know, so touch and go, the rise in the dot com boom was collapsing and I was so close to, you know, good success there. I was able to navigate that in a really positive outcome, you know, as a 22-year-old, you know, dropping out of a college. So, I was just – there was a moment where I mean, you know, I grew up on an organic farm and I'm actually a country boy at heart and so I find a lot of my own personal power and reflection comes from spending time in nature and there's a beautiful river in the town that I grew up on called in Ojai, California.

I literally right after I signed a contract and got the cheques and like all that for selling my first company I went and literally just went and lie down in this beautiful river that I really love and I just had this profound recognition and realization that I wasn't not a lot was going to change about my life that I already arrived and that the only thing that really mattered for me was, you know, really learning how to integrate that at a personal level and to, you know, just stop relating to life with so much fear.

And, you know, I spent the last 18 years since that transaction spending a lot of time getting better and more capable but also really you doing a lot of personal inquiry around fear.

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FT: What have you discovered?

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GL: Well, I think a lot of things. I think that, you know where and for myself, you know, there has been a lot of fear and I think a lot of that is just by virtue of our conditioning and programming biologically and then I think a lot of that is by virtue of, you know, a lot of survival trauma that came in early on in childhood.

I think that, you know, one of my favorite teachers speaks about courage and he says that “Courage is not the absence of fear but the willingness to persist in the presence of fear.” That really is a great way to live one’s life. This time that we inhabit is so filled with capability and possibility never before we have the tools and technology and resources that we have as a species.

I think that, you know, we have the best problems in the history of our species but it’s also a time that requires great courage and that doesn’t mean that we’re not going to be afraid and in fact often, we will be afraid and we need to persist even if we’re first scared.

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FT: I think that also that wording recognizes that, you know – fear is fear and fear exists and there’s such thing as, I mean, it’s almost like coming – even when you come to terms of – when you face it or when you “Dance with the fear,” as Tony Robins says. That’s actually a much more powerful thing and that’s when you have breakthroughs and so ignoring it, is sort of like getting it to short cut but you haven’t really short cut anything.

[0:24:56.5]

GL: Yeah, I think that it's either this force that paralyzes us unconsciously all the time or it's a way to reflect on limitations and possibilities that can guide us and actually serve a fuel. And, you know, I don't know how I discovered this but in college I started to recognize that, you know, I actually needed to consciously approach my fears and, you know, it's been very much like a barometer like wherever I have a lot of fear I actually spend a lot of time trying to draw it out and replicate it and see what the root of it is?

That's been, you know, very effective for me, I think that everybody has their own ways and there's no absolute right way or wrong way to realize our full potential. But at the end of the day if we're paralyzed by fear there is no way we're going to be able to reach our full potential and, you know, so that's been, you know – and the truth is that a lot of our fear is tied up on survival issues and so scarcity and money is at the core of that obviously.

[0:26:14.9]

FT: So, I was going to ask, do you have a fear tied to money that you're working through, what are some of your financial fears?

[0:26:21.1]

GL: Oh, yeah, I mean, just not enough, you know. I mean, that's I think is just that – that, that's really fundamental, biological program, and then it gets augmented by whatever, you know our conditioning history is. I think it's actually been a very successful biological program in terms of, kind of, evolution of our species.

We've been incredibly successful, largely because we are so afraid. And, creative in our capabilities in managing those risks but, you know, I think that, this is the time particularly those of us that have resources, it's not sort of like we're going to starve and so we have an opportunity to move beyond some of this core kind of restrictive, self-absorbed tendencies that fear generates.

I think that, you know, we're in a place where particularly those of us that have resources and the capability to gather resources and in effect things of scale is that we do, we really need to

work together to in view our capital system, our supply chains, our businesses with a lot more holistic values that really reflect the real cost of the products that we make.

I think one of the challenges of capitalism today and historically is really been the price that we pay for our products doesn't reflect the real cost of those products. That's in the negative externalities of, you know, the chemicals that are produced from the jeans that I wear.

Where is the oil that I, you know, use in my car produced from? And so, we I think in the world of money and then business we have an opportunity to really build socially conscious businesses that scale and participate and reward businesses that are working to do a better way.

[0:28:17.1]

FT: Gunnar, thank you so much. Before I let you go though, let's do some really quick eyes and call them like round robin So Money fill in the blanks just to, sort of, and on sometimes a hilarious note but also, you know, just a stream of consciousness I start a sentence and then you finish it. So, if I won the Powerlotto, whatever it's called, Powerball, I don't play it but let's say you won more money than you've got, what's – the first thing I would do is?

[0:28:52.1]

GL: I will keep doing what I'm doing, that's it.

[0:28:55.5]

FT: Just hacking away at Thrive Market.

[0:28:58.0]

GL: Just hacking away and creating innovative media projects and trying to raise consciousness around these issues.

[0:29:03.9]

FT: I love it. The one thing that I spend on that makes my life easier or better is?

[0:29:09.3]

GL: I have great personal assistance and a great project manager and that just – I'm so grateful for the support that I get at that level because it gives me a lot of scale and leverage.

[0:29:23.2]

FT: Did you interview with a ton of people? Or, are you just got lucky?

[0:29:26.0]

GL: Both, I mean, it depends, you know, it's – I have a really great team right now in that level and I got lucky on that on the last batch.

[0:29:37.8]

FT: I know, it's like you can't clone yourself so in the meantime find people who love your work as much as you do to support you. Alright, when I splurge like big time, you know, it's not every day but when you splurge the one thing I love to buy is?

[0:29:53.4]

GL: My I'm – I spend obscene amounts on high quality healthy food and that's –

[0:29:53.4]

FT: But, aren't you shopping at Thrive Market?

[0:30:02.6]

GL: Of course, but I still, I mean, I just I like, you know, hypochondriac and I'm neurotic and I'm dying of one disease or another, so I've got the most intense supplement arsenal.

[0:30:13.1]

FT: What's the craziest thing that you buy like is it some sort of organic thing from another country that you ship in that only made once a year?

[0:30:18.6]

GL: No, I guess, I'm not that crazy but it's, I mean, like, you know, when you work super hard for me my immune system is constantly, you know, dealing with lack of sleep traveling and so I buy a lot of really expensive probiotics and this great immune formula called, Host Defense, which is a racy and chaga and it's just like, those types of things that are expensive but they really like – 80% of the immune function is regulated out of the intestinal tract.

So I found this great hack where the moment I start to feel sick, I start to take probiotics every hour or two and I just don't get sick.

[0:30:58.4]

FT: I am writing that down, probiotics every two hours.

[0:31:03.7]

GL: The moment you feel a little tinge in your throat, like little, you just start taking them every hour or two.

[0:31:08.0]

FT: I used to take echinacea but this is more potent.

[0:31:11.2]

GL: Way better and we sell this great temperature stable probiotic that you can travel with. So, I have it in my car, my bag, my luggage, my office, my house. I always have it on me and the moment I feel like just a little tinge which is somewhat often because I'm working and not sleeping that often, it's irregular. So I just go in this burst and it just hyper stimulates the immune system.

[0:31:33.0]

FT: That's a good tip, it's a good hack. Alright, when I donate I like to give to blank because?

[0:31:38.6]

GL: You know, I'm really, I'm really attracted to environmental and health issues. I think that, you know, we have been incredibly creative in creating lots of beautiful material objects but we don't recognize the cost that has on so many other life forms. I think the natural beauty of nature and trees and clean water and healthy soil. I think it's something that we really need to spend a lot more resources on, so it is something that I'm deeply passion about.

[0:32:13.9]

FT: And, last but not the least, I'm Gunnar Lovelace, I'm So Money because? Say it with a smile.

[0:32:20.0]

GL: I'm more effective, creative, and generous than I've ever been and I'm deeply grateful for that.

[0:32:25.2]

FT: It's a great place to be.

[0:32:27.4]

GL: It's really, really, a pleasure to be with you, we really love your work and thanks for your time.

[0:32:30.6]

FT: Thanks Gunnar.

[END]