



**Transcript – Taking on the USDA One Penny at a
Time with Gunnar Lovelace - #323**



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Speaker 1: Bulletproof Radio: a state of high performance.

Dave: Hey, it's Dave Asprey at Bulletproof Radio. Today's cool fact of the day is that more than 17.4 million Americans are food insecure. It means they have limited access to adequate food and nutrition because of price or geography and only about 6.9 million Americans are food secure. Those come from a real data source, but I got to wonder, what about the other people who are not food insecure and food secure? Because we have like 300 million people and we only have 6.9 and 17.4. There must be a big middle of people that are foodish insecureish, but whatever it is, there are giant numbers of people who live nowhere near a grocery store that even has fresh vegetables. Seeing an apple versus a can of applesauce is a rare occurrence. That's pretty scary.

If you haven't heard about FreshBooks yet, listen up. These folks are on a serious mission to help small business owners save time and avoid a lot of the stress that comes with running a business. As a business owner, it's really important to be able to see everything. Which clients still owe you, which invoices have been paid, and how your business is doing right now on the dashboard and you get that from FreshBooks. Using FreshBooks, you can take about 30 seconds to create and send an invoice and you get paid online because FreshBooks gives your clients tons of ways they can just pay you with credit cards or other ways which can seriously improve how quickly you get paid. In fact, customers get paid five days faster on average. FreshBooks is offering 30 days of unrestricted use to all Bulletproof listeners totally free right now and you don't need a credit card to sign up. To claim your 30-day free trial, go to FreshBooks.com/Bulletproof and enter 'Bulletproof Radio' in the 'How You Heard About Us' section.

Before we get going on today's episode, if you haven't had a chance to check out Bulletproof: The Cookbook, it's time. This has been a phenomenally successful book. It just came out and it's got 125 Bulletproof recipes using tons of really, really good ingredients that support your biological function, that support your performance every day. There are amazing desserts, desserts I have served at Yahoo's headquarters recently. There are just amazing meals. Cauliflower bacon mash is one of my favorites. You'll find some amazing good stuff in there. Check it out. You can buy it on the Bulletproof website. You can buy it on Amazon. You can buy it on Barnes , Noble. Wherever books are sold.

Today's guest is Gunnar Lovelace, who's a social goods serial entrepreneur who founded Love Heals, a conscious jewelry company that funded the planting of one and a half million trees and sponsored 500,000 malnourished children. He's currently the co-CEO of Thrive Market, which is an online wholesale buying club who's mission is to make natural and organic eating more affordable for everyone. He's also a bio-activist.

Gunnar, welcome to the show.

Gunnar: Hey, it's great to be here. Love your work and excited to be on the show.



- Dave: Likewise. We've had a chance to meet in person lots of times and we're supporters of each other's companies so it's an honor to get to have you on the show. Your story is pretty unique. It's one of the reasons I wanted to have you on is you're a high-performance entrepreneur and I want to pick your brain about what you're doing with your mission for healthy food and I also want to pick your brain about what you do for your own biology to support it. Two directions that our listeners would be interested in.
- Gunnar: Put me to work. I'm at your service.
- Dave: All right. One of the things that surely affects your decision to start Thrive Markets is that you were raised by a single Latino mom. You lived here illegally in the U.S. for eight years.
- Gunnar: Yeah.
- Dave: Your mom wanted to feed really healthy as well as she could, but let's face it. No matter where you are food costs money, right? Healthy food costs more money right now so when you were a kid you maybe didn't have enough of that. Did that shape your view of the world? Did that shape why you decided to start Thrive? Why you feed 50,000 people?
- Gunnar: Yeah, absolutely. It's growing up really poor and seeing how she struggled to make healthy choices was a primary impulse for me in why we started the business. There were months at a time where we lived off of rice because that's all we could afford. It's been a life-long interest of mine. One of the things that I was really fortunate with was that in spite of our financial adversity, my mother was well educated so she did know that eating healthy was really important so she made a lot of choices that prioritized that opportunity, even though she was struggling financially.
- When she remarried, my stepfather was running a food co-op, which we still run today. We got exposed to a group-buying model through a food co-op and that was really how the genesis of Thrive came about was seeing a 21st Century ... How do we build a 21st Century co-op?
- Dave: I think there are probably a good number of people listening right now who don't actually know what a food co-op is. If you grew up granola, you know and if you didn't, you might've never been in one or if you've been in one, you just thought it was a grocery store. Can you walk me through what is the difference between a food co-op and a hippie grocery store?
- Gunnar: Yeah, so a food co-op is a membership store out of a retail location where people pay an annual membership fee to be able to access ... Typically, they get some kind of discounted pricing when they make purchases at the health food store. They typically run as a hybrid health food store/membership community. People that are members get slightly better pricing. For me, when I've thought about health and wellness, and I think you guys see this the same way is how do we strip out the hippie-ness but keep the heart and soul so that we can reach millions of new Americans that want to access healthy living for the first time. I think that's our mission as a business is to really transcend the ideologies and really reach people everywhere. But having that personal experience growing up with a food co-op and seeing the impact it had with building community with people and making it more affordable for people. I almost felt like



there's got to be a way to do something like that online for the 21st Century.

Dave:

It's really a tough situation when ... I look back at what happened when I was a kid that helped me to form why I'm doing Bulletproof. For me, my parents also wanted me to eat healthy. We weren't desperately poor by a long shot. We weren't stupendously wealthy either. I would say just middle class, but for me that meant liquid squeeze margarine and low-fat Grape-Nuts and all sorts of just horrible crap that was toxic for my biology. Today now we still have this idea where okay, I'm going to "eat healthy" and you seem like you're pretty fortunate. Your mom had financial limited resources, but she had some reasonable knowledge where she actually succeeded in feeding you healthy, maybe because she was feeding you more the way her parents ate and less the way whatever the current magazine of the 1980's told you to eat, which was desperately wrong in almost every direction.

For me, I'm like all right I was a beast as a teenager. I have stretchmarks till that I haven't figured out how to hack. Grew up with all sorts of autoimmune things, just issue that were caused by these things. I'm like, "All right, I want to do this right," and that's one of the things for me. It's not that hard when you get the rules right.

For you, you're like it's not that expensive when you get the rules right, but how do you use your business to help people eat the right stuff versus just stuff that's labeled as healthy?

Gunnar:

Yeah, I think that's the big important question. I wouldn't claim to have an exactly right answer to that. I think it's an ongoing evolving question that gets answered a lot of different ways to different communities. I think for us the way we've constructed our model is that instead of making the traditional retail markup that people pay when they go to a health food store, we pass all of those savings along to our members through \$60 a year and it's like Whole Foods meets Costco. For every paid membership, we give a membership away to a family in need. If you can't afford the \$60 to get access to wholesale prices to have healthy products shipped to your home wherever you are, you can still get a free membership through our giving program. That's one way we do it.

We also invest in educational content so we just shot a video course with 22 videos which is like, how to read a label, how do carbs turn into sugar, and why you should care about toxic ingredients in your cleaning supplies, and just basic stuff that you and I know and most of the listeners know, but Americans, a lot of people just don't know this information. Education, when we think about access and making healthy living accessible to everybody, we see it as a function of price, geography, and education. Selling previously premium products for less, geography in that we ship it to people wherever they are, if they're in a food desert, and then education in terms of providing content that helps people understand why they should care about these issues and doing it in a way that informs and inspires them.

I think to your lead-in on the fact, there's 43 million Americans on food stamps, as an example. The largest source of calories for them is soda. We know what that's doing to their bodies.

Dave:

Maybe it's diet soda. They don't even get calories for it and it does worse things to their bodies like ... Man, that's a losing proposition in every way, right?



Gunnar: Yeah, exactly.

Dave: All right. Let me ask a hard question. I don't know the answer to this because I haven't dug around on the Thrive website. Do you guys sell anything with sucralose in it?

Gunnar: I don't think we do.

Dave: Would you?

Gunnar: No. No. I'm going to go dig around myself.

Dave: Okay.

Gunnar: 4,000 products, it's hard to vet everything personally, but I'll definitely check on that. We have a very, very stringent guidelines. We're the largest retail in the country that sells only non-GMO foods at this point.

Dave: That was my next question. What's your deal? So no GMO. What about canola oil? Do you allow that?

Gunnar: Yeah, there's canola oil. Yeah, yeah. It's non-GMO.

Dave: It's such a slippery slope, right?

Gunnar: I know. I know. I know. The thing is, so the way we approached it is we've ... Instead of trying to be the most outrageous puritans, we've really taken a big tent approach. That means that people are going to buy healthy, healthier marshmallows and that's what's going to motivate them to get into the ecosystem, we'll choose to sell some marshmallows that are not filled with toxins and preservatives. Obviously there's sugary content. Then we have an opportunity to be able to have a larger conversation with them. That isn't necessarily the right decision, but it is one strategy.

Dave: My kids love s'mores. There's a fire pit right behind the camera here. We built it. The kids absolutely know how to roast marshmallows. Are they allowed to eat ten of them? No. Do they get two organic marshmallows with the Bulletproof chocolate? I put it on a Mary's Gone cracker. You guys probably sell Mary's crackers, right?

Gunnar: Oh, yeah.

Dave: There you go. Actually don't really like the Mary's cracker taste, but they're kids. That's what a s'more is to them. They don't know what graham crackers taste like and I'm okay with that.

Gunnar: Right.

Dave: Right? That kind of perspective like, "All right, you're going to do something that isn't perfect,

but does that mean you're going to slather it with cyanide and glyphosate and lead and mercury and then it eat? No. You do the least harmful thing. I totally support that. That's why the whole thing I do, it's all in a spectrum. This is really crappy and you shouldn't ever eat that. This is not that good for you, but you'll probably survive and you can overcome and this is probably good for you. I totally support your big tent approach there, because honestly you're going to eat canola oil, eat the non-GMO canola oil. It was a win for the day. You did one thing better, right?

Gunnar: Right. Our shared friend, Dr. Mark Hyman, one of the great aha moments for me in this journey a couple years ago when we first met him, he was presenting at Saddleback Church, which is the largest mega-church in the country. Designed a meal plan with Pastor Rick Warren and there were thousands of people in the audience. It was syndicating live to hundreds of churches. He's there talking about avocado cacao pudding and quinoa and coconut oil to a very mainstream conservative audience. I was just floored at how mainstream this conversation is going now. I think that's really exciting. Health and wellness transcends ideology. It doesn't matter who you are or where you live, what you believe, everybody wants to feel good in their bodies and everybody wants the same thing for their children. Where you and I are in the business of helping people get healthy.

Dave: Now what percentage of the Thrive customer base is organic preppers?

Gunnar: Organic ... What?

Dave: Preppers.

Gunnar: Preppers?

Dave: You know there's a television show called Preppers, like people that are preparing for disaster so they're stockpiling for the ... I'm just wondering because you guys sold bulk.

Gunnar: I think it's pretty small. We actually don't do that much bulk. It's everyday sizes.

Dave: It's everyday sizes, but the reason I'm asking that, it's a little bit humor, but it's also like, "Look, most preppers tend to be relatively conservative, but it doesn't matter." You want organic food and if you wanted to plan to eat for a year without having to go to the grocery store, which is actually not a bad idea to be able to be prepared for that, at least several months of food for emergency supplies is prudent I would say. At least if you understand our food supply, it's prudent. If you do decide to do that, do you want to stockpile genetically-modified corn malt and you'll just eat that with a spoon or do you want to have good food?

Gunnar: Right, totally.

Dave: If you have good food, then cost becomes important and then you have to eat from what you have on hand. Then bulk buying or just cost-effect buying, it's not even bulk, it becomes terribly important. I imagine that you have some people there, but like you said, it transcends all ideologies so it doesn't matter if you're doing it because you want to be gentle to Mother Earth or because you think an apocalypse is coming, you still want food that makes you feel good,

right? That's why everyone cares about it.

Gunnar: Yeah, it plays to people's self interests in such a powerful way and as we know, it benefits them, their communities, the economy with \$300 billion a year spent on lifestyle diseases like diabetes every year and the environment, shifting from toxic conventional supply chains to organic and regenerative. I think it's a ... For me it's such a gratifying organizing principle to be part of and I'm grateful to be collaborating with you on it.

Dave: Talk to me a little bit about what you do to support farmers. How does Thrive work with the supply chain? I'm really interested in how you do that. What kind of farms do you work with and what's your relationship there with the food producers themselves?

Gunnar: We're just starting to get into that, but we're doing a push into private label on products where we lose money but we now have to provide them to our community or we have low margins. For example, coconut oil. That's an area where we needed to get more margin on the product. We went to our primary partner and he's got a fantastic Fair Trade ethical supply chain in Sri Lanka and Southeast Asia. We were very, very careful about looking at their supply chain and then we really tell that story to our community. What's happening now is that consumers are waking up to the fact that they want to vote with their dollars and they really value transparency. Yes, they want to get great products at a great price, but they also want to believe and support in things that align with their values. Our ability to do the work and really make sure that we're working with ethical supply chains and then be able to share the details of that with our community creates a level of resonance and education that's differentiated than a traditional retail environment.

Dave: I think that's really important. I read some things about regenerative farming and carbon farming. Are you doing specific things to support products that come from carbon neutral farming?

Gunnar: That's a new ... The whole regenerative farming movement in general is amazing and a lot of studies coming out showing it's the fastest way to sequester carbon and produce truly nutrient-dense food, create great jobs. I'm on the board of a local regenerative agriculture non-profit and help raise the money for them. I think it's a really exciting area for the American economy in general for all the reason I listed. It's very, very new in terms of the supply chain and so farmers are just starting to ... There's all questions about how do they do labeling and standards.

There's not a lot that we've been able to do around that actually in our supply chain but we're having those conversations every week, every month with our partners, our co-packers, our vendors, and really working to encourage them either to move toward those practices or selecting vendors where they can handle the scale of volume that we need. Part of the challenge is you can get really small farmers that can handle a small amount of volume, but because we're selling 20,000 to 50,000 units per month now, the level of volume that we need in a partner is differentiated. That's part of the cart/horse issue. We're excited about investing in farms long term to really make that a whole picture.

Dave: I saw an interview with the head buyer for Wal-Mart a while back. This was maybe four years



ago. Whoever it was, I don't remember the person's name or even whether it was a man or woman. It was a thing I read. They said, "Look, I would love to put organic cotton in every product sold at Wal-Mart. There's just this little problem. There isn't that much organic cotton produced on the surface of the planet. If we had access to every piece of organic cotton, we couldn't do it so we don't do it."

Gunnar: That's right.

Dave: Are you going to run into that scale? Where yeah, everyone wants organic blueberries, but there just aren't enough organic blueberries.

Gunnar: Yeah, we already deal with it. Actually one of the things that I've been thinking about is that there's a need for a transition label. The challenge with organic certification is it's a three-year process. It's really expensive and it's really impacting our ability to meet the demand. Now we're forced, as an economy, the import massive amounts of organic produce and food from countries like China and South America, which you got the whole carbon impact of shipping that and all the supply, other types of supply chains. I think there's a real opportunity for us to come up with another label that it doesn't mean ... You're not applying chemicals or fertilizers to it and it has the same guidelines as organic, but people know it's a transitional label.

Dave: It's really tough. The plantations that I work with for the Bulletproof coffee beans, they've never been sprayed, never will be sprayed. They've been owned by the same families for a long time. It would take more than one year's worth of profits to pay for the organic certification.

Gunnar: Right.

Dave: For small farmers, organic certification is ... You have to have a separate job in order to do it. My small farm where I live, I'm on 32 acres and we're putting into production for the first time. It's relatively simple to get organic certification because it hasn't been productive farmland, but even then I almost put asphalt paving on the road coming in, which would have killed my organic certification. How many places don't have asphalt roads? Well, that would've ... Because there's a petroleum thing that's involve with that.

Gunnar: Right.

Dave: Now I have a dirt driveway still. I don't know. Maybe we'll put gravel on it. These little things, people eat food. Ah, it's organic or it's not organic, but oh, it's organic from China. We have no idea whether those were enforced in China and Mexico. We have no idea how long that food sat, how fresh it is, but at least it was organic. I fully support that. This is at least small-farmer based, non-GMO. There's a variety of things. What you get down to is farming's a system. It's a whole set of practices with thousands of decision points. How do you know that the majority of them were done in such a way to support the world and support the people who eat the food? That is a tough standard to make and to enforce. I support that effort, but it's going to take a while.

Gunnar: I think it will, but I think there's a real opportunity there. I think it could be done in a thoughtful

way that would make really expand access and production pretty quickly.

Dave: Where I live, up here on Vancouver Island, I've seen a few of the local grocery stores actually purchasing farmland where they're going either into partnership or just outright purchasing it and saying, "Look, we need access to high-quality organic local vegetable. We've got to guarantee access. We're serving our communities. Buying from a farmer doesn't guarantee that we'll have what we want so we might as well just do this." Are you going to buy a bunch of farmland, employ a bunch of farmers, and basically be a vertically integrated thing?

Gunnar: It's funny. I was just talking to some of our investors yesterday about that. For us, it's a sequencing issue. There's a very real likelihood in the next two or three years we'll end up vertically integrating and then building really showcase regenerative farms.

Dave: Yeah, I'm considering the same thing with coffee because I would want to work with the people I work with now, but I just want to make sure that everything is done right. Right now, I know that because I have my lab testing at the end of the process, but if there was an opportunity to partner more with the growers or to even work directly with a plantation for long term, like, "Look, if your name's going to go on the label, it better be done right and not just mostly right either."

Gunnar: The majors are doing this. I just saw an article yesterday. Costco just helped a farmer in San Diego buy 1,200 acres across the border in Mexico to launch a big organic farm. Costco funded it precisely for this issue. It's one of the fastest growing segments of Costco's business is organic food and they have the same issue. They're at enormous, enormous scale and they can't get their hands on the product. This is a problem now that's systemic. The good news is it creates demand and there is a bottleneck with the certification process, but the market is going to have its effect and there's going to be a lot of solutions that come up in the next five to ten years that meet that demand.

Dave: It'll be really interesting too though like what happens, let's say, with a membership model like Costco or with Thrive, let's say. Let's put on our futurist hat. In ten years from now, Thrive is the ginormous multi-billion dollar thing and let's say you have access ... We'll say control of 10% of America's cropland.

Gunnar: That's a big number, but okay I'm going to play with you on that.

Dave: Okay. I'm just making up these numbers. Let's say a meaningful percentage of this stuff. It's very different in a world like that. Let's say Wal-Mart has this slice. Costco has this slice. Thrive has this slice. Safeway has this slice and whatever. Amazon has this other slice. Who knows what the future looks like, but essentially there's a series of big companies, some nicer than others, who are now vertically integrating into this thing. What happens with the control of the food supply then with things like small farmers? Where do they fit into that ecosystem? What do you think will happen with vertical integration? What's the best model for that when you think about this going out more than five years.

Gunnar: I don't think we have to own farms specifically. I think that there's way for us to be supportive to



farmers in a way that gives us the stability and guarantee of output while not being intensely hierarchical that's destructive to small farmers. Even like on the regenerative agriculture piece, one of the things that I've been talking about with the board there is we need to create free educational tool kits that are turnkey for farmers that depend upon one of the seven major bio-zones that you would have in the U.S. and you could just follow these free, turnkey programs how to convert your farm into a regenerative farm. It gives people step-by-step educational content that helps them do that. I think there's a lot of ways that we can be very beneficial in the ecosystem, particularly as we get scale and the amount of money it takes for us to have a tremendous impact for people starts to be a smaller part of our overall revenue base. I think we're going to be able to leverage that in really dynamic ways.

Dave: Some of the things that a lot of people don't know, I saw this shocking statistic like 90% of small farmers have a day job. They cannot put food on their table by farming. They can put ... Actually, that's not true. They can put food on their table. They just can't put money in their bank account with small farming, even if they go to the local farmers' market on weekends and all that. They're not quite making ends meet. The amount of work, oh my God. Some of our family friends, they're on five-acre farm, which is plenty big enough to grow way more food than you could ever eat in a fertile valley like where we live. Even with feeding a couple cows and raising everything, it's just 16 hour a day, just huge amounts of labor and at the end of the day, by the time you've paid for animal food and you did all that stuff, it's like break even. To the point they're thinking about shutting the farm down because they just can't do it.

I think most people would say, "Oh, I'm supporting small farmers," and they go to the farmers' market and they try to negotiate for a dollar off. That might've been the only dollar of profit that was out there.

Gunnar: Right, right.

Dave: Do you think that Thrive and what you're doing with Thrive might have the power to change that? To make it easier or make it more profitable? With these tool sets?

Gunnar: The beautiful thing about our model is that we cut out all the middlemen in the supply chain, right? That allows us to work with partners where they can actually make more money working with us. It's simpler. It's easier. We can tell their story in a really beautiful way with our content and recipes and videos, talk about their supply chain, and they can make more money and still pass savings along to our members. When you think about a traditional supply chain, there's the grower, the manufacturer, the brokers, the distributors, the slotting fees, the retail games, the pay to play, all the stuff that happens in shelf space and pay-to-play games and by being able to cut all of that out and go direct to consumer to our members with a really efficient supply chain, we're actually able to pay more to our partners and pass the savings along to our members. It's a win/win/win for everybody.

Dave: Most people listening to this don't know about the incredibly complex and Byzantine grocery supply chain. If a product costs \$1 at the register, can you walk through who gets what percentage of that dollar for the average product that you might sell on Thrive?



Gunnar: It really depends on the product and the product category. Let's say something costs \$10 because that's an easier one to ...

Dave: Sure.

Gunnar: If it's \$10, the actual brand that actually manufactures that, not even the farmer, but just the brand, depending upon the margin and what type of product they're selling, they'll be lucky if they \$3 to \$5 of that \$10 that's sold at retail. Then the rest of that \$5 to \$7 goes to the brokers, the distributors, and the retail player and all the retail pay-to-play games that happen on the shelf space.

Dave: People listening to this right now, think about that number. If you spend \$10, the person who manufactured and produced that product got \$3 of that \$10 and the rest of it went to inefficiencies in the supply chain.

Gunnar: That's right.

Dave: That's why when you go with something like eCommerce, you're basically taking that \$7 and you're redistributing it in a different way, but on the other hand, if you go to Whole Foods and you have access to fresh stuff that you might not be able to get online and you have access to a whole suite of products that are generally hard to get in one place. It's an interesting conundrum because what's the cost of convenience and do you really care if the producer of that product got \$3 or \$4?

My take on that is actually you should care whether the producer gets \$3 or \$4 because if you're dealing with an ethical producer, they're going to make better products versus squeezing every last nickel out. I find there's two types of consumers out there, at least when I'm working on the Bulletproof side. There's what I call the mercenaries. They're like, "I want to eat the cheapest food possible." To that mindset, it's almost like a victory to squeeze a nickel out of the food that they're eating. Then there's other people who say, "Look, I want to eat the highest quality food, first, that is most affordable, second."

I'm in that category, right? I want food that makes me feel amazing. I'm willing to pay more for it, but I don't want to pay a lot more for it but that extra value I'm getting? I'll pay for quality and if I was starving, I wouldn't pay for quality, except even then, if you have only a dollar to spend on this meal, you're going to buy the highest quality meal you can get for a dollar. You'll always do that, but when you have more than a dollar, are you willing to spend \$1.10?

How do you differentiate between the mercenary, like I want the very, very cheapest thing possible, versus I want the best thing possible? How do you navigate that for consumers who come to Thrive? How do you guide them in that direction?

Gunnar: Yeah, I think for us what's cool is again we're big tent so we're happy to have both those consumers. Because it's such a disintermediated supply chain where we've cut out the middlemen, we can pay our brands more. We can pass along really significant savings of 25% to 50% off these products to the members and we can cover our costs so we break even on the



products. That plays to self interest and whether or not you're really, really scrounging and you're optimizing every dollar or whether you're interested in the lifestyle and want to vote with your dollars and you're really interested in the absolute highest quality, you're still ... We can appeal to both of those consumers and it's really easy for us to work with both of those.

We work with a lot of other types of consumers. It's people that are in food deserts or people that aren't near a health food store to begin with or they're in a low-income neighborhood or they're a community of color. There's all sorts of ... We have a lot of different demographic groups that we interact with and support and what's cool is over half of our customer is in the South and the Midwest. Most people would think that our customer base is concentrated in California and New York. What's really exciting for us at the business is that we're helping people access healthy food, often for the first time because they can afford it. Our buyer, the person who's buying from us at Thrive, by and large is a woman. She shops at Target or Kohl's. She's accessing healthy food often for the first time because she can afford to do it and she wants to do it, but it's been out of her reach, historically.

Dave: Yeah, that's really helping people in a meaningful way. I applaud that. I've been on lots of road trips and for a long time I've eaten in a certain way, because when I eat stuff that maybe other people tolerate better than I do ... I have a history of obesity and autoimmunity and all. This stuff kryptonite to me. I eat it, I'm going to feel awful. I don't like to feel awful, especially when I'm driving across the country or something. There's lots of times you're like, in this entire state, there's only two places where I really wanted to find something to eat and that's not to say that I feel like I'm being persnickety or something, but you're like, "Look, I don't know how you possibly deep-fry a salad, but every restaurant in this town deep fries their salads, probably because they didn't have any fresh lettuce." I'm not joking actually. That was in Scotland, not in the U.S.

It's one of those things where you realize, "Okay, this isn't food in the way I define food, because if I eat it I'm going to feel crappy. Certainly, I'm not going to perform at my best level and that's what I do every day." Having a shift like this that says, "All right, even if you live in a town like that, now I can get the food that I want and it's affordable," that changes things in a way that having a Wal-Mart downtown won't do, right?

Gunnar: Yeah, I think for us one of the benchmarks that we try to really aim our business at is can we sell healthy alternatives at the same price or less than the conventional equivalent? We sell a KIND bar for the same price or less than a Snickers bar. We sell 70 loads of non-toxic laundry detergent for less than a big box retailer will sell 70 loads of laundry detergent with hormone and endocrine disruptors. For us, when we're look in our catalog and how do we provide products, what we're trying to do is make the products equal in price to the conventional equivalent or less. If we can do that, that's hyper scalable.

Dave: But Gunnar, endocrine disruptors smell so fresh.

Gunnar: Exactly! So fresh and clean. I saw an ad yesterday that I just ... I can't say the name obviously, but it was for one of the big CBG cleaning companies and it was an ad on a major site and it was touting as if it was a big exciting thing. It was, "Made of 90% cleaning ingredients!" Then under it

says, "Keep out of reach of children." I was just like, "What an odd ad." To think that that's even an effective ad to advertise that your cleaning products are made of 90% cleaning ingredients without even specifying what that even means and then have this bold warning that you got to keep the cleaning product out of reach of children. I was like, "This is completely insane."

Dave: Last time I checked water was a cleaning ingredient.

Gunnar: Right.

Dave: I don't even know what that means.

Gunnar: Right.

Dave: It's amazing what people will buy. We've certainly trained them that way. I want to shift gears a bit, since we're talking about endocrine disruptors and hormones, things like that. When we've had dinner together, you talked about being a self-proclaimed hypochondriac. You really are monitoring what's going on with your biology. What do you do? What do you obsess about the most? Where'd that come from?

Gunnar: I think it's like deep survival fears. Growing up really poor and we inherit some of these thought forms and patterns from our parents. My mother was very, very concerned all the time. I think we're all confronted with our various neurotic, intellectual conditioning that we all have various flavors of it. One of mine is hypochondria. I'm gratefully much better than I used to be, but I used to just obsess about cancer and heart disease as a teenager. I would just be like ... I'd feel a lump under my lymph node, I'd be like, for months completely terrified that I was finally going to die of lymphatic cancer, a 13-year old boy. That kind of ...

Dave: That's true hypochondria. Okay, cool.

Gunnar: Yeah, yeah, yeah. Full blown. At the same time though, that led me into understanding and pursuing information about health and wellness in a powerful way and it led me to having to look at other types of interpersonal skills and development so looking at fear and what's the root of the fear and having really honest conversation with oneself about where that arises from. It's been both a blessing and a curse.

I know you can understand that one with your own journey. I think those are ... We're all confronted with those in different ways and none of us are all that unique in the fact that we all have our mixed bag of cards that make us who we are.

Dave: It's funny. I used to wonder if I was a hypochondriac, especially back in 1992, people are like, "You're a hypochondriac." I'm like, "Actually, no. I just feel shitty." There's a difference. I actually did have autoimmune stuff. I am kind of fat. Okay, it turns out there was a connection between what I ate and what I did and whether or not I got a sinus infection again or one of those things.

Like you said, it's a curse, but also it means that you have a very survival-based motivation that says, "I'm going to learn about this stuff and I'm going to get it right because whether it's

perceived threat or an actual threat, I'm going to own this stuff because I don't want to walk around with that hanging over my head."

Gunnar: I know for me and I know in your work, your work is really vulnerably and honestly sharing the depths of your personal challenges. I think that, as we move through those challenges that we're all dealt with, we actually become better human beings as we're able to be honest about our ability to move through these things and still be effected by them periodically. It inspires other people to confront their own challenges at a very profound level. I think I used to be overweight as a teenager too and for me it wasn't the physiological, autoimmune stuff that you were up against. I was depressed.

That's the other part of obesity and being overweight is there's an emotional component to it. A lot of it's the type of food we're eating, but it's also a lot of people feel hopeless in their lives or they're depressed or there's emotional issues that are unresolved. I think there's such an amazing conversation for us to have now about these issues holistically and food and lifestyle is a critical part of it, but then also really getting access to the tools that give us a way to empower ourselves from the traditional fears and beliefs that we've been conditioned with.

Dave: A lot of that programming you get in the first seven years, it runs in there. You think that programming is actually your personality and it's not.

Gunnar: Right.

Dave: That knowledge, that model, it isn't taught in school. They don't teach you that in college. You go through this whole education process and you come out of it and you're just as programmed as you were before. Then you have to ...

Gunnar: Or more so.

Dave: Yeah, maybe more so. Then you have to sit down and go, "All right, how am I going to deal with this?" I've found that for most people, you need to hit a pretty bad place in order to take a look at it. Otherwise you can live a relatively okay life fully programmed. It's a life of mediocrity so to speak, but if you basically hit a wall along the way, you'll probably have to look around a little bit more.

Gunnar: It's desperation, right? We get backed into a corner and we either are going to work through it or we literally won't survive. I think a lot of people can relate to that desperation and I think that it's one of the things that's driving people to so passionately vote with their dollars and try to understand companies that support their values. The personal development movement. There's so many aspects to it that I think it's the darkest dark, the lightest light and people want to empower themselves in a way that's truly transformational right now.

Dave: You talked about voting with your dollars. We also have a presidential election. What do you think is more important for someone to do: to support organic stuff and to buy organic foods or to vote for one candidate or another?



Gunnar: I think they're both important.

Dave: That was a politician's answer. Come on, man.

Gunnar: Yeah, it is. It is. I actually think that ultimately I think what's interesting is ... We work with Environmental Working Group, EWG.

Dave: Yeah, I'm a supporter as well.

Gunnar: Ken is amazing. I heard a speech he gave and it was really interesting. In the 60's, the government drove all sorts of amazing innovation around Clean Water Act and all sorts of things that we just take for granted today that are part of the bedrock of how we maintain and manage our society and our economy. None of those types of regulations can get passed today period. We live in a dysfunctional political system where even the most rational ideas just get completely polarized. I think we're in a place now where innovation used to be driven in the 50's and the 60's from the government, top down, and I think we're in this really exciting place now where innovation is being driven from the bottom up, from people voting with their dollars. You have companies like Coca-Cola and McDonald's all scrambling to try to figure out how to stay relevant in the 21st Century to a consumer that has a different sets of values than they positioned themselves for.

Dave: Right. Where you spend your money will likely have a bigger impact than whichever person you vote for in a major election like that.

Gunnar: Right.

Dave: It didn't use to be that way, but it sure looks to be that way to me. I say that. I live in Canada, right? That's my perception of how things work now. I think every time I spend a dollar. Where's this dollar going? Does it go to something that I want to have happen? If not, can I spend that dollar somewhere else? Because every one of those dollars is a vote and it's probably no more or less expensive of a vote than the other ones.

Gunnar: It's interesting. We are in a time where particularly if you've got some educational access and means, you're going to use a phone and a computer that was probably made in very compromised labor conditions. Most of our phones were made in really devastating circumstances. We are inherently participating in a global economy now that doesn't represent the true cost of making the items that we consume. I think that's one of the great challenges that we face, which voting with our dollars and transparency is going to drive a lot more awareness around what are the true costs of the products we consume? Not only to ourselves, but to other people in other communities and the environment.

Dave: It gets a little more complex, too. What would happen if a company approached you and they had organic produce that was raised by prisoners who were not paid a living wage?

Gunnar: Right.



Dave: What would you do?

Gunnar: Yeah, we wouldn't take that. That's completely ...

Dave: Wouldn't that be better than GMO crops produced by prisoners which is happening in the U.S. right now?

Gunnar: Right, yeah.

Dave: It's such an ethical slippery slope. By the way, I would do the same thing. I'd say, "Guys, that's not cool." Privatized prisons? Not okay. You're using prisoners as labor like that, no, not okay.

Gunnar: Yeah.

Dave: It's an ethically slippery slope. I hope that people listening to it is they realize it matters where you buy your stuff. It matters which stuff you buy and it matters way more than you think because it comes down to are the people you're buying it from going to take what's left after all of the costs are done and are they going to do good things with it? Are they going to act like Costco? They pay much more than other retailers and they have good benefits. You have a philosophical decision that says, "Your employees all get the same benefits you do as a CEO," right? Does it matter to someone who's buying a jar of peanut butter online? Well, it should matter.

If people realize that they don't have to spend more, then it's basically a free thing you get when you buy it. That's my perspective. Every time I spend something, I get that for free. It goes down to if you're going to go into the store ... I go to the register with an employee there instead of the self-serve checkout. You know what? I like jobs. I want people around me to have jobs because when they have jobs they're happier. When no one has a job, people generally steal stuff from each other and it's not a very nice place to live.

Gunnar: Yeah, yeah. That's one of the challenges with the whole sharing economy now. There's so much disruption. Technology is going to disrupt traditional jobs in a much more quickly than they can shift to new types of jobs and it's going to create all sorts of interesting and dynamic and potentially dangerous populous strands that cause all sorts of dynamic issues for us as a society. I think the thing that is so exciting though, back to the voting with dollars piece, is that we are in a world where the biggest companies have quarterly earning reports and it doesn't actually take much of a contraction in their business to send them into really deep profound hand wringing.

Now we're seeing the first organic hamburger in Germany from McDonald's. We're seeing General Mills has now announced that its entire supply chain is going to be non-GMO and Campbell Soup is going non-GMO. It doesn't actually take that much of a slow-down or a decrease in revenue and profit for these big companies to suddenly see that they actually need to wake up to the demands of this consumer that is gaining steam and using the Internet to educate and empower themselves and to vote with their dollars.

Dave: That is very true. I have seen such rapid change in the 20% revenue fall for McDonald's. I wanted

to just dance in the street. The funny thing is, I don't see McDonald's. When I drive down the street, my brain stopped identifying that as a place to eat so the logo doesn't have an effect on me. The store doesn't. When people say it's by McDonald's, I go, "Where's McDonald's?" It's not a landmark because I literally learned to not see it. I don't know how you recover from that. My kids, they know that that's not a place you go for food.

One of our nannies decided that she wanted to go to McDonald's to get, and yes this is embarrassing, to get coffee. There's Bulletproof coffee at my house all the time, right? She was out and about with the kids. I wasn't that happy about it, but she took the kids to the drive-thru and they're like, "You can drive through to get food? Oh my God," because we don't do fast food.

Gunnar: Right.

Dave: She rolls the window down and my daughter who's maybe five at the time, she sees that you can talk to this speaker and our nanny says, "I'd like a coffee," whatever and Anna just can't help herself. She goes, "I'd like a poopie chemical latte, please," which to her was like the worst thing you could possibly ask for, right? Because she knows that McDonald's puts chemicals in food and that is the brand value of McDonald's to my kids. Every one of her friends at school, all of them, same thing. McDonald's does not equate food. It doesn't equate fun. It doesn't equate happiness.

You know what? I'm not sure that selling an organic hamburger is ever going to recover from that. They might've destroyed their brand by destroying the ecosystem and by doing all the bad stuff they did. Maybe the brand will recover. Maybe they'll do enough good that it'll recover. It's going to take an awful lot for me to want to ever eat there again. I just don't have a fundamental trust there.

Gunnar: Yeah, yeah. I agree. I think there's a real credibility gap there. That said, you look at the way, and obviously Chipotle's been going through massive issues with the breakouts that have been happening, but they've invested in a way that's really differentiated and I think it has translated as a brand. They're investing in farms and organic and regenerative agriculture and I think that's translated to them as a brand. Ironically, they used to be owned by McDonald's and McDonald's sold Chipotle and Chipotle got religion on appealing to an inspirational consumer and it's really driven a lot of success, notwithstanding the recent issues on their breakouts.

Dave: Are you a fan of Clayton Christiansen? The disruptive technology author? Are you familiar with his work in strategy?

Gunnar: I'm not, but I'm a fan of disruption in general so conceptually I think I'm a fan.

Dave: I had disruptive technology in almost all of my job descriptions throughout my time in Silicon Valley. It always something I worked with. Clayton, I actually got to work with his consulting company once, he's a famous Harvard guy who coined the term disruptive innovation. You'd probably enjoy his book. I forget what it's called, but he had a big book about it. What he did was he looked at the history of hard drive manufacturers in Silicon Valley. Because it's such a

fast cycle there, you can study things that happen there in other industries. He started out by looking at railroads and how railroads disrupted each other and got disrupted and went through tech.

In hard drives, what happens is these upstart young Turks come along and 18 months later, they're buying the companies who said, "Ah, that stuff will never work." Right? Literally, 18 months later and it happens over and over. He studied why does disruption happen and what I'm seeing is the stuff that I cut my teeth on in Silicon Valley where the telephone companies got disrupted by data centers, by cloud computing, and social media and all this stuff happened, it's happening in food right now.

Companies like Thrive, companies out there who, like Chipotle, they came out of nowhere and the big guys are kind of scratching their head going, "What do we do? We don't even know what to do." What you do is your revenues decline a bunch and then you get acquired and then they gut your storefront and put their logo on your store. I think some of that's going to happen over the next few years in a way that no one would ever predict except Clayton. He would predict it. That'd be a good book for you to read.

Gunnar: I think one of the interesting facts is you look at like Whole Foods is the largest retailers that people recognize in the health and wellness movement. Now there's other people like Kroger and Costco that are in the system, but their market cap is \$10 billion as one of the largest retailers and the most famous retailer for healthy food and they've really galvanized the movement in a way. They've had their challenges and their problems and they've got their reputation, but they really brought the movement together in a really powerful way and we're all the beneficiaries of that now with our new models.

I think you look at their market cap relative to, say, Chipotle, which is one of a dozen fast food companies in this country and it has two and a half times the market cap, \$25 billion. One of several fast food companies in this country is two and a half times the size of one of the largest health food providers in this country. That's really an interesting fact in terms of where the market is going and how much opportunity there is for this thing to shift.

The sales for natural and organic products is \$50 to \$75 billion a year for the food itself growing at 15% per year. Even at the size, it's still only 4% of the national CPG economy. Even at the size, only 4% of total consumer package good sales is natural and organic products. That, again, just shows you how this is going to go over the next 10 or 20 years. People are going to move towards accessing food that is healthy and putting products on their bodies which is nontoxic and I think we're in a really unique, blessed situation to be able to facilitate that journey in a way that's authentic and meaningful and empowering to people. That's, to me, super exciting.

Dave: It is a really cool time to be working in this strange area of providing the right food to people so that they feel amazing, which goes beyond health food. It wasn't this easy without the Internet, without the cloud, without all the technology that supports it now. It's really cool and now's the time for that. This disruption is a lot of fun. Certainly what you're doing with Thrive is a part of it.

Gunnar: Yeah, yeah.



Dave: I have a question for you that you probably would have predicted if you've listened to any of the shows before. If someone came to you tomorrow, Gunnar, and they're like, "Look, I want to perform better at every single thing I do in my life," based on all the stuff you know, not just your business, what are the three most important things I should do? What advice would you have?

Gunnar: My important pieces are getting enough sleep, courageously facing my fears every day, and eating well and getting exercise. I feel like if I do those three things ... I slipped in a fourth there by eating well and getting exercise. It sounds like basic stuff, but just the simple thing of eating simple foods, chewing it well, not eating complex meals, not eating two hours before you go to bed, going to bed early, getting enough sleep, and then really doing the interpersonal work of like we all have issues that we're confronted with in our life. The opportunity for us is to meet those issues with love and courage and recognize that we're not going to get over them instantly and it's a process, but to the extent that we can meet those things that we're afraid of, we will be better, strong human beings that can add a lot more value to the world.

Dave: Very well said. Thanks a lot of being on the show. People can go to ThriveMarket.com to learn more about this and to get some food at a good discount. Have an awesome day, Gunnar.

Gunnar: Yeah, it was great, great to be with you. Thank you so much.

Dave: If you enjoyed today's episode, you know what to do. Go onto iTunes and click, "Hey, I like this show," so then other people can find it. There's some sort of rating/review process. I forget what it is, but if you go in there and say, "You know, Bulletproof Radio is helping me," that will help others. We just crossed 30 million downloads and climbing.

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