



Jake 00:10

Thank you sail for joining me on the podcast today, I really appreciate you taking the time you are the founder and CEO of Gumroad. And a new companies while called Flex style. You also wrote a book called The minimalist entrepreneur, which I enjoyed a lot recently. And on the side, you're investing in early stage startups through primarily a rolling fund, named after yourself with AngelList. So I've been looking forward to this conversation, I think we've got a lot of interests in common. And, in particular, you know, I'm interested in rolling funds, but also how you're sort of taking, you know, how organizations are run. And rethinking it from first principles for this new world, this digital world, you know, as of late, this AI filled world, and thinking, you know, how can we do things a little bit differently. So looking forward to digging into all of that. But before we get started, I think best place to start would be sort of telling your story. And for those who don't know, you just sort of starting as early as you're willing to start and talking about some of the decisions you've made to get to where you are today.

Sahil Lavingia 01:09

Sure. So I was born in New York, my parents grew up in India, in Bombay, and moved to the US for their master's degrees. I was born in Long Island, my parents ended up leaving the US. So I primarily grew up in Singapore. And when I graduated high school, I went to USC for college. When I was in middle school in high school, I started learning how to code. I forget exactly like really even what got me into it. But I was like playing video games. And I wanted to have like, I don't know, a website for my client or something like that. But I started, you know, you learn about forums and PayPal, and the fact that you could do freelance work on the internet for five bucks an hour. And so I started doing that. The iOS, the App Store came out in 2009 When I was a sophomore, I think in high school. So I got into that. So anyway, I sort of knew pretty early that I wanted to like this thing called app development now, I guess was something I like to do. I was good at, I did for fun on the weekends. And at that point, I didn't really, I mean, I kind of maybe was aware, like I was starting to become aware of this like thing called like Y Combinator and venture capital. And so I kind of knew I wanted to be in in California. That's where like the people out, you know, like when I

would follow people on Twitter, like half of them were living in, you know, in the Bay Area. And so I was like, Okay, that seems to be like where I need to go for this. And so I went to California, I went to USC, that was a kind of the closest college I got accepted into I went there for a semester before I dropped out to get a job at Pinterest where I was their second employee. I primarily designed and built pictures for iPhone. I did some other stuff there too. But that was kind of the big the big thing. And then I want one weekend, one Friday night I was I had designed this icon for this Mac app that I wanted to sell or build in themselves. And I never actually built the Mac app, but I designed this icon for it, which was this like photorealistic pencil icon. And I wanted to sell that pencil icon to my audience on Twitter, because I had spent four hours making this pencil icon and I thought maybe it would be valuable to people to learn this sort of set of skills, save, save them some time, maybe that would be worth like \$1. And, you know, there was no real easy way for me to do that at that point. And so that's why I built Gumroad built over that weekend launched a Monday morning, kind of when you know kind of semi viral front page of Hacker News on Monday. And but I didn't really go full time on it until maybe like six or so months later, when I wanted to start a company investors kept asking me if I wanted to start a company tends to happen if you're in the Bay Area. And so I did I ended up raising the seed round \$1.1 million from Max option a bunch of other people and then a seven ish million dollar series A from Kleiner Perkins. And then in 2015, we failed to raise our series B. So we downsized, the company went down to just me what remote I ended up leaving San Francisco moving to Utah in 2017. And I've kind of been like remote, kind of ever since. What else? I think that kind of gives you a pretty pretty high level. I think the thing that yeah, probably the thing that I've done that most people are aware of, by volume is probably this viral blog post that I wrote in 2019 that kind of recaps a lot of this called reflecting on my failure to build a billion dollar company. And and now I just kind of am trying to, I feel like that sort of that like 2015 was sort of the Phoenix moment for Gumroad. Maybe the similar to the 2022 for a lot of startups now. And and so now that it's sort of I feel like Gumroad is like in the afterlife stage of company development where we can actually like I can kind of do what I want because I'm sort of an extra time. And, and yeah, I'm trying to really just think, think a lot about like what

that looks like try not to copy other people too much. And, and you know, that's that's, you know, honestly, like it's, it's like not maybe super efficient on my own time, but I really find it fun and rewarding. And I think of it a little bit like investing in which like 99% of the ideas that we try will probably not land. But like once in a while we'll find something that's like really compelling and will stick, you know. And that's, I think, a lot of how innovation actually happens. So that's anyway, that was kind of long winded. But that's the summary of why and what I do.

Jake 05:31

Know, yeah, it's a, it's a really interesting story, and I appreciate you sharing it. And it's especially sort of interesting and noteworthy. I mean, you're, you're pretty young, I think I'm in my late 20s, I think we're like roughly the same age and you just got started on everything. So sort of early by, you know, not that it's a race to get in, but like, dropping out of USC after a semester going going working at Pinterest, and then, you know, dropping out of that pretty quickly to go and start Gumroad. So like, you sort of took a few steps. Go ahead, sorry.

Sahil Lavingia 06:05

Yeah, and you know, most most of the time people, you know, people are, you know, become VCs after their founders and raise like, upon, like all of these. Yeah, I sort of joke that I kind of speed we're in Silicon Valley,

Jake 06:19

you've done the whole lifecycle, it feels like and like 10 years, most people have like four year chapters, that each of these moments where you're having, like, one semester chapters, but I'm, I'm curious going back, you know, we won't spend too much time on the early days, but just because they sort of probably helped give you some early trajectory, or at least changed the course of your life somewhat substantially these couple of decisions earlier on first to leave USC after a semester, to work at Pinterest, and then second, to leave Pinterest to work full time on Gumroad. Having gone through some, like similar experience myself dropping out of school, and then, you know, quitting my job and stuff like that, for me, I found that like, the



second time was much easier than the first because you could look back on the first and see that it sort of worked out reasonably well. And you just get that confidence of like taking the leap for the second time. And also, you had the supportive investors and things like that sort of begging you to do it. But how hard or difficult or not hard? Were those decisions? And like, what if you can sort of rewind your perspective a bit all the way back? To the those times? Like, what were you thinking about at the time? Was there any, like fear? Or was it just sort of, like, you know, just gone for it?

Sahil Lavingia 07:30

Yeah, I mean, I don't really have fear, in like, the traditional sense of like, my life is in danger, you know, like, anxiety, rushing to the brain, adrenaline, all that stuff like that. I like I do, if I'm, like, you know, like, it's late at night. And like, someone, you know, chosen me a knife or something. But it's like anything to do with, like startups like this, like, I consider it, like just a video game that I play on my laptop, right? And if you like, observe me from like, the outside, like, I'm just like anyone else just like typing away on their laptop, right? Like, it's not really visible, anything that I'm doing. So I've never felt like, I've always felt like, everything could go to zero. Ever since I was like, 1314 years old, and like, it wouldn't really matter, you know, because, like, life is cheap. Like, it's all I need is like a laptop. And like sandals, you know, like, I don't I don't know, like, what else do you need? So, I've always felt like, you could reset the clock. And that allows me to, to Yeah, that kind of allows me to, like, do things because, you know, I'm comfortable with falling down and starting from scratch. Right. And so, yeah, you know, yeah, I mean, USC, I think was you maybe you could argue was sort of a medic, like I you know, it was kind of the the default path, or like the high school that I that I went to, and it was the path that my parents wanted me to be on. And dropping, I was definitely sort of like, was was different. But I think the way that I justified it to myself, and other people was that, like, I the goal of like going to college is to get a job, right? Like, I think it's expensive. So I would hope that there's sort of like a financial component to it. And so if I can get the job like four months in, like, what's the point in like that, you know, the other four years, right? And moreover, like, what if I don't actually

like the job? Which turns out I don't, which is, oh, I didn't do it for the very long, right. But like, what if I like I spent four years learning this set of skills that I don't actually like, what's the point? It just felt kind of wasteful to me. And like, you're only on Earth for like, so, so long, you know? So like, I don't know, like, time is precious. You could have maybe, like, very impatient, you know, like, you could say that patience is a virtue or something. Impatience is advice, but I just felt like yeah, if I, if I can sort of skip the that that seven similar to you know, leaving Pinterest for Gumroad was you know, once investors started asking me, if I wanted money to start a company, it was like, Oh, cool. Like why? I would have worked here for like five years, right? Or four years, if I could just go to that next step. And so I think of it, I mean, if you think about, like a machine learning algorithm, there's like this concept of gradient descent, or sort of hill climbing, which is basically you're kind of like, at any point looking for like the steepest slope, right? Well, it's most likely that the, that the sleep, the steepest sort of slope, from where you are, is going to be like, the next best place to, like, reach the bottom right, or what, or whatnot. So I kind of think of it like, there's this gravity pulling you toward what you should be doing in life, which for me, I think was like, you know, building the software company, good becoming, figuring out how to get paid to do what I like doing as a hobby, which was like building, you know, web apps and stuff. And once I, you know, once I figured out how to do that, like, that's, that's why I still do it today. Right? Like, I think that's, that's probably unlikely to change. And I was just able to get to the floor, like, kind of get to that optimization point, like, pretty quickly. And actually, I would say, like, I haven't really even expressed this, like, I feel like it's still a lesson that I think is like, unlearned by most people that like, you know, you they're like that I'm not really like, there doesn't need to be a next step, right. Like, it's not like, like, my goal is to like, do something more incredible next. And I think that's also been true every step of the way, is that even though I have landed at this place, I don't think I was really aware of it, because I don't think you can be aware of where you want to be right. Like, in hindsight, it's obvious. But going forward, you know, it's so you're sort of just doing that hill climbing, right? You're just maximizing the slope of the ascent. And so I think that's just what I was doing. I was just



trying to maximize at every point, like my learning, the people I get to meet in life, like, you know, I was just optimizing for those things. And like, if you kind of do that, then you end up, you know, I think you have you have many, many opportunities, I think,

Jake 11:57

yeah, it's, um, it's interesting, like, the way that you sort of talked about things and how you made these decisions. It was obviously like, you can't connect the dots looking forward. But it doesn't seem like you had like any particular large goal, like you mentioned in the book, you were sort of like unicorn chasing a little bit when you first started Gumroad obviously, that's changed a bit. But you know, there's not like, one single thread, it's more so like, following your interests, what do you like to do with your time, things like that, you know, meeting great people spending time with great people. And, you know, not following the well beaten path and trying to be, you know, trying to just do what other people are doing, but just thinking for yourself and things like that, we're gonna jump around, I guess, on the time line a little bit, just for the sake of following points, rather than, like chronologically, but, you know, I think an interesting place to go next is like, today, you've got Gumroad, which is now you know, a fairly established company, doing steady growth, fully remote team fully, I think, we'll talk about some of that organizational structure and some of the innovation there later, but, um, you're doing that you've also started this new company flex aisle, which is sort of bringing that operating system that you've built at Gumroad. And helping enable that for other companies or other founders that are interested in creating similar type businesses focused on you know, maximizing profit instead of growth and doing things with a lean team globally, contractors instead of full time employees, no meetings, things like this. And then, you know, separately from that, you're also doing this early stage investing, presumably, you've got a lot of other stuff that you'd like to do with your free time you're painting you're writing, you're busy, how are you spending, like, you know, can you bring me into sort of like a week, a day in the life of view or a week or like how you're just sort of spending your time, it seems like, you know, you're very aware, like Life is short, you're sort of impatient, for better or worse. How do you, you know, allocate your time throughout the week?



Sahil Lavingia 13:55

Yeah, I mean, honestly, every day is pretty similar. But some people are really Zen about how they have no calendar and no alarm and you know, schedule. And I have some of those elements, I think, but I actually really like like, having the same day over and over again, like I like my day, you know, and so, I wake up, generally pretty early, about like, six 630. Maybe earlier, if I wake up naturally, like by 530, I try to get to Inbox Zero and everything in bed. And so by the time I'm like, at my laptop, which happens, like pretty late, normally around 11am I have only like a few things to do. I can do most of it from my phone.

Jake 14:38

Can I ask just before we just I'm like weirdly into you know, like routines and stuff like that, especially people I think are sort of like taking a very independent view on on how to live and stuff like that. So I'm just gonna press on this one thing quickly where you started, which is like, you start with your inbox or there's like a few hours that go by in between there that I'm not sure exactly what's going on. But you said like you clear the inbox early. You're doing that from here. Phone? What you know, do you think about, you know, maybe starting email, like starting the day with email on my phone? is, you know, high stress or something? Would that bother you at all? Or also like, do you think like, you know, maybe this would be better if I did this on my laptop versus my phone, even though it's fast, and I can do it on my phone? Like it's better on my laptop? Do you think about any of that stuff? Have you changed any of that stuff?

Sahil Lavingia 15:23

Oh, 100%. Yeah, I mean, this is this is this is the conclusion, right? Of like many years, like two decades of like, iterating, on like, what I think is like the right? Routine. Which is why I think it looks so different from what you would advise you if you're on Twitter, right? They would or other or No, I think it's incredibly healthy actually to like, for email to be basically the first thing that I do. I love email, I think it's like, it's like, I love it. But it's like one of my favorite things in the world to do. It's a high stress at all.



What's the right kind of stress? You know, like, I like doing high stress things?

Jake 15:59

Well, it's also, you know, from personal experience, it's a very easy way to get started, you know, you just grab your phone, like, even if you could be like more efficient or something on your computer, it's very easy to just like pick up your phone, it naturally sort of like wakes you up. Whereas otherwise, you know, I mean, I

Sahil Lavingia 16:14

am most efficient on my, my phone, for sure. And the reason is, because I like you can only do so many things on the phone. So what it ends up doing is you just stop doing things, right, the most efficient you can do is just hire someone to do the job. So like, I am able to do all this work from my phone, because it only takes me like 20 minutes. Right? I don't I don't I don't spend like five hours on my phone or anything I spend, you know, appointment until my phone. Most of it is on like Twitter and stuff. That the I would say maybe more useless. And I definitely kind of like think that's probably my, my biggest place is Twitter. But yeah, I kind of get to inbox zero on all the different services GitHub, Slack notion, twitter, email, and then I go to the gym. And then I depending if it's really nice and sunny, like it is now I'd go for a walk for a while. But otherwise I would, I would kind of get go to Starbucks or Chick fil A, like get some food and then I would shower. And then only then would I like touch my laptop. And then the laptop at that point, everything that I basically couldn't swipe right or left on and do finish on it on my phone, I would do on my laptop, which takes about 20 minutes to an hour. So by noon, I'm sort of done with everything ideally. And then from sort of noon, onward, I just do whatever I want. I build stuff read, go for a walk, listen to an audio book, go for a drive somewhere. And I pick up my wife from work at five, I also dropped her off before the gym before I go to the gym. And then we kind of just hang out and I try not to think about work too much. But fail.

Jake 17:58

What do you what do you end up doing like with? You know, you mentioned a few of the things but if you think about like the last few



days not to be like not to pride too much. And we can move on from the routine stuff if you want soon. But I'm curious, like is there anything sort of that you would recognize as pretty unusual that you do that, like you really, really enjoy or really believe in as being like a good use of your time on you know, some of those afternoon days where you're sort of through the half to do and on to the nice to do? I mean,

Sahil Lavingia 18:28

to be honest, it's just it's just what, what anyone would consider their free time, right? Like, just like any high school kid, like at 3pm. When School's out and you have like a couple hours before you have to do homework. Like it's just a lot of that, right? So there's nothing in there that I think I do that's like, like, the thing is like, I've already gone to the gym, I've already, like I've already met my protein goals. I like I've done every single thing that I need to do that, like if I do if I just sit in my chair in the sun for the rest of the day. Like it's a very successful day. I'm not looking for anything else, you know. So I don't do like there's no, yeah, sometimes I have some zoom calls. If I'm like hiring some engineers. You know, I'll browse Twitter and like, get into some rabbit hole and maybe read some paper. Maybe I'll build, you know, some some bread some code or write write a script. But it's just, it's just completely, completely random. I would say if I were living in a different city like or living in New York, then I would probably be much more social. I think that's mostly what people do. Right. Like, once you have financial independence, I would say that that's how most people spend their time. I'm just that's probably to be honest. The most unusual thing about me is that I have this much flexibility and freedom and free time and I'm not social because most people I knew who are in this position like born richer or whatnot like they just hang out all the time. Like they just hang out their friends or they travel or do tourism stuff. offer if the Michelin star restaurants or you know LARP as VCs or whatnot, right? But the, the answer just goes back to like, I, I am who I am, like, I'm just a boring you know, this like I just like building stuff and like there's, there's nothing else you know, I have two cats that I play with I spend a lot of my time like hanging out with them. I play like one video game a year. I don't watch any Netflix or HBO or anything like that, besides like the Great

British Bake Off, like, I'm just a normal person who just like stumbled upon Gumroad. And like, it, you know, is a crazy, crazy thing. And all of the unusual stuff happens just on my phone, you know, like, it's just like investing in startups or like, it just but it just doesn't manifest in any physical way. Right? Like, it has no effect on the body. Right? It's just completely intellectual. Like, I could have \$100 billion in my bank account, I could have \$100 million, when I can kind of pick it up \$100,000 in my bank account, roughly, like the the lifestyle is identical. What's most stimulating what's most fun is actually like solving hard problems, and like learning and thinking, that's what's most sort of intellectually satisfying to me. So like, yeah, like, that looks like work to most people, right? Like, most people, that's what they want to turn off. And they're trying to, like, get out of that. But like, I love that's like, what I that's what I enjoy the most, you know, like working 24/7 on Twitter, on Twitter to point out like, that sounds like heaven, you know, to me, I would do that for free. You know?

Jake 21:33

Yeah, it's, it's interesting. You know, obviously, there's a couple of problems that you had to solve, to get to this point where you have this, you know, a high quality, high quantity of free time to be able to do whatever you want, and, you know, pursue your interests and solve problems.

Sahil Lavingia 21:50

You know, location independent, you know, I don't know anyone, honestly, he was, like, more free than I am.

Jake 21:57

Yeah, so I think it'd be interesting to talk to talk a little bit about, like, how you got to this point, because it was certainly not always like this, I think he spent at least half good half a decade or so like grinding really hard, at Gumroad, you know, trying to build a billion dollar company grow as fast as possible before, like you mentioned, sort of getting past that series A towards the series B point, and you were growing a lot, but just like not quite enough to raise around and you just sort of gotten a new lease in a big office with a bunch of employees and had to sort of figure things out. You

know, there's a big blog post on this. So we won't rehash it, you mentioned that you can go to people listening and go to his website and read that. And I'd read, there's only like four blogs up there, I read them all. But after that point, you basically sort of started from scratch, like, literally, I think just yourself for a while with Gumroad, like doing the customer support, fixing bugs, things like that. But you sort of ultimately, you know, it wasn't just like you forever, because that's, you know, you probably wouldn't have these free afternoons, if it was still that you were able to bring in, you know, part time people from around the world, and figure out a way to build an organization that didn't require any meetings and didn't have any full time employees. And could still, you know, not just like, survive, but like continue to grow and continue to turn a profit, and continue to give you this freedom of both time and money through, you know, profitability and like, that can be dependent upon long term. What gave you like, the seed of the idea that that was, like, even possible? And did you start very extreme with like, okay, zero meetings, zero full time employees, or did some of this progress over time, I just wanted to hear like, how you sort of developed this new age organization that you're now sort of product, I think through flex Ah,

Sahil Lavingia 23:44

yeah, I mean, it was pretty organic, to be honest. I mean, I really, it was more that we just needed to save money, which is why we went remote and got rid of the office in 2015. And then let most people go, and I ran everything myself. And when I wasn't really ready to like, emotionally and timewise commit to Gumroad. In 2015 and beyond, I just started hiring hourly contractors went through a bunch until I found some really good folks. It was hard. And yeah, basically, I'm just, I'm like, why would I need like, I don't I just don't believe in the concept of like, a full time employee anymore. I just think it's honestly like slavery, like, will look back and look and be like, holy shit, I can't believe that was like morally acceptable. It's really weird to me. And so yeah, I just think I want to, you know, I it's sort of evolved naturally and sort of, you know, it's just sort of the, I guess, like the null hypothesis, right? It's like, Well, why would we need a full time employee? Why would we need a W two relationship like, Why is it my problem? To give you health care and

benefits, instead of like, getting it directly from the state or the government? Right or so I just think it was a sort of a natural evolution of like, what I felt like was the the simplest and most if efficient way to run Gumroad. Because the truth is govern is automated. So, really no one is necessary. Like all of the work that gets done is like r&d, just building software. There's no sort of, you know, operational real cost to it. It's just people, engineers and customer support people shipping products and designers helping out. And so I just feel like it's just the right way that least wasteful, and therefore the most like, innovative, long term for the economy way to like, run, run the business. And honestly, I'm surprised like more folks don't do do it this way. So I'm sure I'm missing something. But yeah, it's it's still early. That's why we're building flex eyelids, because I think maybe there are some things that are unique, and we need to productize to make it easier for folks to be able to do so they can work like us. But yeah, I just feel like it's better. If you're running a software business that grows organically, like Gumroad is cashflow positive. I think this is a phenomenal way to work. I think it's great for the company, it's saves the company money, I think it's great for the contractors, they get to work in all the for all this, like a really high, you know, rate that most people around the world don't normally get access to really flexible job, no meetings, no calendar really nice for global, you know, global workforce, and they get equity and dividends. And so this is something we're trying to pioneer, again, not super novel, it's almost just like what people used to do back in the day bringing it back and embedding into like the startup software ecosystem, but everyone gets equity. And that equity entitles them to dividends. And so, you know, let's say you work for Gumroad, \$100,000 a year or \$200,000 a year for a bunch of years, you build up a position in the company, and that position in the company gets you access to a percentage of the cash flow effect effectively, right, which is, people forget the point of owning equity in a company is for the dividend. Everything else is sort of this like abstract loosey goosey deal. But that's, that's That's why Warren Buffett is rich, that's why Apple is owned by, you know, worth 2 trillion, just because they're gonna make a trillion dollars, right. And so, in the next 10 years, and so, people forget that, and so it's just kind of, I'm just trying to, like, remove the layers. So I'm just trying to, like, apply the null hypothesis to

everything possible. I, you know, I wrote a book on this called the minimalist entrepreneur, that just like, what don't you need, you know, and if you get rid of all this stuff you don't need, you're effectively left with almost nothing like you really, like even Gumroad today, I think is gonna, it was gonna look fat, compared to like, five to 10 years from now, when like, AI is maybe doing 95% of government customer support, and maybe even writing, you know, 95% of the code, you know, we might have a similar team shipping 10 times the product or a 10 times smaller teams shipping, you know, shipping, same product, or, you know, something who knows, completely out of left field.

Jake 28:00

That's actually what I was gonna get into next is like, you know, obviously, AI has been sort of all the rage this year. And, in particular, it seems like chat GPT with the plugins, and I guess, comparable to some of these, like, Agent, you know, AI agents that we're seeing coming out, like, anything that can sort of, you know, it's not just like in a box, but it can actually operate outside of that box, and, you know, read the Internet and like, take actions it can like, respond to emails, and whatever. And I don't know, if I haven't really used anything personally, that's like quite there yet, but I'm not like the bleeding edge, necessarily. But yeah, it seems that this stuff's kind of inevitable. Have you been like playing with this stuff? Because it would seem that this is, you know, humans are relatively difficult to manage, you seem to have figured out a way to build an autonomous organization, almost, in spite of having quite, you know, quite a few humans, not that like a lot, but you know, several people, 20 people, whatever it is, you know, maybe you can do it with three, with AI. Have you thought about stuff like this?

Sahil Lavingia 28:56

Oh, yeah. I mean, we could 100% we could, we could do that. Tomorrow, you know, I mean, I could literally just let everyone go and just do everything myself again. It would be painful, I don't want to do customer support. So I don't right. And so AI is just like it's just a it's just another thing in the same long timeline of software, automating work, I think there's really nothing new to it, you know, Gumroad automated, you know, a manual PDF and email and you know,



before that PDFs automated, like paper and mail, and, you know, email me, etc, etc. And so like, it just massive amounts of efficiency gains over and over and over again, that all really come down to energy efficiency. You can measure all of these innovations basically by just like, how much energy you know, the alternative used to be, you know, in terms of like delivering a letter, we're sending a text, right? It's like 1,000,000x more efficient, and that's why it's valuable. That's why we you know, these companies are worth lots of money for doing it, right. That's That's what technology people forget, like money and money is just a proxy for energy. Right food, ultimately, and energy used to, you know, power tractors and stuff to build houses and do, you know, agriculture or anything? But anyway, yeah, I mean, I so I think that, you know, like, the truth is people don't want AI to be like AI is completely capable of doing all of these things, and has been for a long time, which is the, it's just like, people are actually not very good capitalists. People are just too nice to each other anything like Facebook could be like 100 people, you know, but they want to do more stuff. And it's the r&d that take the AI can't do and won't be able to do for a long time, like all the bug fixing and technical debt, like all that stuff, I think totally will get sort of, you know, more and more AI will be able to do a lot of that stuff, plug in the holes, but like in terms of, like, you're always gonna have, I think, a lean and mean team of like, 1020 people that you're gonna want, you know, and so like, mid journey Gumroad. You know, I think that like, you'll always want that sort of size of company. But just like you have Peter levels today, who's like a one person company, you have a bunch of content creators who are you know, you have a bunch of musicians like the you know, a lot of these companies or industries already worked the way Gumroad does, where it's like Taylor Swift is like a corporation. And then she has a bunch of gazillion 1099 contractors and, you know, agreements with other corporations all over the world. And like, I think she would be a great customer for flex and hopefully, over time, especially if she wants to dividends, which would be dope. Because to me, honestly, I mean, like, the whole web two and crypto thing, like, are web three and crypto thing it shows me that there's a lot of value in that it's just illegal, the way it's done right now. So

Jake 31:38



in terms of crypto, like enabling dividends,

Sahil Lavingia 31:41

yeah, I mean, crypto, crypto, the whole point of crypto is to issue dividends. Because again, like the whole point of a stock is to issue dividends. Like there's no point owning a stock if you don't get dividends out of it, right? Like, it's kind of like living in a house, like owning a house you can't live in like the only point is the real estate, like the rental income. Right? It's not like you maybe you can say it's like valuable that like no that exists in your wallet. But no, it's like the rental income you can generate from it is generally like why people invest in things. And so I think, yeah, this is like a sort of back to the future, I think the reason it hasn't really been talked about is because we've just lived in a sort of 0% interest rate environment for so long. So people have been able to kind of, you know, participate in this sort of Ponzi scheme of just selling stock to each other at higher prices. But in a low growth economy, that doesn't really work anymore. And that's the economy we're in now, especially in tech. And so, you know, coupled with a 5% interest rate, I think it's it's really great for companies like GM are that are cash flowing. But it basically means that like software companies are treated like every other company on the planet Earth, right, which means you're just your p&l, which I think is good, basically, you know, humbles, humbles this awful person, who was maybe used to just getting getting off for free and being able to do remote work. And the only way that our companies like the way the way that the software becomes valuable is by doing what I I've done right is by showing people like the reason investors value software companies at high multiples is because they know that you can write code to fire 90% of the people that work at the company at at the point in time in which the market is going to want you to do that. And so sort of basic, like free market incentives are, you know, just playing out now with Facebook and ZOC. And you know, Facebook stocks up like 2x, you know, he's gained like \$300 billion in market cap in like a year or something. Just by firing people, right? Just by doing exactly what he promised. When he IPO the company, which is using software to automate, you know, like what does you know, Facebook was like, automating the manual labor of matchmaking your friends, you know, or

whatever. So, it's always, you know, printing the Facebook, right, literally,

Jake 33:54

right? Yeah, I was talking to someone the other day, I was like, it seems that the, obviously, they go hand in hand a little bit, but it seems like the macro environment and like, you know, people talking about recession and interest rates and things like this, it's almost like a convenient excuse for a lot of these tech companies, some of them may actually just need to cut people because like, they're really having a tough time. But I feel like others are like quietly using this as an excuse to not I don't know, like, you know, putting any malicious intent or anything like that, but it's just like, it is a pretty convenient excuse where no one's going to blink an eye, you know, massive layoffs. And you can do what Elon did, or to a lesser degree with Zack did or whatever. And take these companies be like, Alright, how many people do we actually need to run this thing because we sort of have like a, you know, free pass to let go as many people as we want right now. And they're just sort of like setting the stage for, you know, maybe an evolution of the organization to something more like Gumroad you know, different scale, but similar type concept, like how do we really need all these people? Can we run this more like a traditional business for our Profit, maybe pay dividends and just sort of changed the way we think we think about organizations versus the last, you know, 10 or 20 years or whatever it's been,

Sahil Lavingia 35:08

unless you unless you have some crazy r&d project, right? Like Zack has reality labs, Google has AI stuff, like they're just totally fine to, to over invest in your people and pay them have super well. And, and but only if you're making those kinds of bets. And the vast majority of companies and startups are not doing that. And so they really Yeah, should be basically just focused on on cash flowing. And Zacchaeus, kind of still kind of doing both, he was able to kind of generate a lot of cash flow and still focus on reality labs, but not as much as maybe 0% interest rates were allowing him to do. And honestly, I don't think it was like an excuse, I think at the end of the day, like CEOs are doing what they've always done, right, which is like trying to maximize shareholder value. And in a 0% interest rate

environment that looks like hiring engineers, and then a 5% interest rate environment that looks like firing engineers. But at the end of the day, like the engineer doesn't deserve the job. It's a completely free market. Just like Facebook doesn't deserve the engineer, right? They have to agree on a price in order to work together. And currently, the market means that Facebook is not willing to pay the price that these engineers are generally wanting at this point. The good news is honestly they're all fine, right? Like they're they've all gotten jobs. I haven't really heard a lot of people who are like really, truly stuck. There maybe not working at like a fan company anymore. But I think that's fine. I think that's always been like a very rare thing. And the fact that people like, you know, thought that that was like that was my dream was to like get a job at Google. The fact that that became like a thing that a lot of people could do is like, it is still bonkers to me. You know, Apple was like, you know, like, Apple employees were like demigods. In 2011. You know, when I moved to the Bay, I was like, Holy shit, you work at Apple. That's insane. Like, yeah, and now it's like anyone can do it. So it's good. I think it's good democracy, you know, kind of accessibility D and all these things. But at the end of the day, like, you know, the goal is to build a lot of really cool products. And unless you're doing that you're Yeah, like, you don't deserve a job.

Jake 37:23

Oh, a little bit of a tangent here. But something about what you're just saying, just may pop in my mind. You moved, you know, from Singapore, where you grew up to California, like you said, San Francisco after I guess you spent maybe a semester at USC and then probably right up to San Francisco, and then moved to Provo. And like, realized how different things were out there. Like everyone's very religious and Mormon, and white. And you know, you were going to church every Sunday. And then I think you've moved to Portland, which is maybe where you still are now. Can you talk about like these different moves? You know why you made them? whichever ones are more interesting enough to talk about all of them, obviously, but like, especially sort of like maybe the Provo on the way in or the way out? Yeah, why Portland? And you mentioned like, a lot of people live in big cities tend to live, you know, more social lives. You sort of enjoy where you're at, I presume, just curious to hear about, like the



choices in that, because I think a lot of people are sort of reevaluating, and, you know, post COVID world or whatever, like work, work remote. And just questions that were constants before are now variables that people are rethinking in different ways. I know. I certainly have so curious to hear your sort of your thinking on it.

Sahil Lavingia 38:28

Yeah, so I'm Yeah, moved to. I was thinking when I was in the bay for a long time for like the typical career reasons, right, just just a boom town, just like if I were an actor trying to make it in Hollywood or something like that. And then when I didn't feel like I was part of that I left went to Utah. The reason I went was because I got into a science fiction fantasy writing class with Brandon Sanderson. So that was kind of what I was starting to do when Gumroad wasn't really working, because I had some downtime, I was doing the customer support tickets. But besides that, it was just kind of growing on its own. And so I was just waiting until I had enough cash flow where I could hire maybe an engineer to like, you know, improve it further. So I started writing fire science fiction fantasy for fun and, you know, I was terrible at it. I still am to be honest. And got into that class that was kind of my excuse to move to Provo and learn about all this new stuff and conservatism and Mormonism, and all this all this cool, cool stuff that I think has added a lot of like, you know, knowledge to my, my training data to my, you know, LLM or whatnot. And, and then yeah, I got married, I met a girl got married, and then she found a job in Portland. And so that was like, the last place I'd ever considered leaving moving to. So I was like, I'm down. That sounds great. And so we moved in 20. She moved into 2019. I call her in January 2020. Right before COVID So COVID obviously happened so I feel like I've only lived here for like maybe a couple years but yeah, it's I'm sort of there's there's really no texting here to be honest. So I just kind of do my thing. I just go to the gym and you know I'm gonna go to the coffee shop and then come home and work and go for a walk in my suburb neighborhood. And that's kind of kind of my life. And we are going to move actually to New York in September, mostly. Yeah. Because the, for more social social stuff. I'm just bored. Here.

Jake 40:18



Yeah. I'm curious also how religion you know, you moved, obviously, most people in San Francisco are like, pretty agnostic, you moved to Provo, everyone's very religious. You move out of Provo? Did any of the experience there in terms of religion? Follow you at all? Or like what's your, you know, relationship? And with that? Not to like, suppose that there is one I guess, but like, you might from a very different environment to another and then out of it, like, has that? Did it stick with you? Or how did that affect? Yeah,

Sahil Lavingia 40:49

100%. I mean, I think it increases a lot, you know, like, your empathy for those kinds of folks, right? People who have those beliefs, or who grew up in a certain environment? You know, it helps a lot, I think, because like, especially in America, I think, you know, generally building a lot of products and talking to a lot of Americans who grew up, you know, born and raised here. It's helpful to understand, like the law, I think, a lot of that context that I might not have, like growing up in, in Singapore, and like a pretty secular ish, environment, you know, where, like, religion was always kind of like, basically seen as like a joke. And frankly, like San Francisco, it's completely seen as a joke. Like, you're kind of like, like, I don't think like, there's anything worse than be like being, like, openly Christian in the Bay Area, to be honest. And maybe that's not true anymore, but certainly was. And, and so yeah, I just felt like you learn a lot from every culture. And we've learned a lot of bad things from every culture, because I think every culture has problems. But I also think you can also just, like, learn a lot of good from every culture, you know. And so that's what I do, everywhere I go, that's why I move so much is because I, that's the value I get out of moving. And it's, you know, once you get your fill, you get your fill, and then you can move move somewhere else. Kids, I think will eventually change that pattern, I think for us, but until then, yeah, I think I have this like conspiracy theory that like you, your personality is actually something you breathe in. And so you physically can't actually change your personality, unless you are physically breathing in the external, like the environment, like you're actually trading personalities with the city you live in, effectively, and the people around you, and the people you spend time with, for it's you know, it's kind of like a real, like a race realism applied to like a medic



theory or something. But I doubt it's true. But it's fun to think about. And what it does is it increases the stakes, it basically says to me that like I can't actually learned unless I physically moved my body. And I that I think I believe in quite strongly, regardless of like the conspiracy theory part of it.

Jake 42:50

You think that there's like a, you know, the physical is one component, but the digital is also like I've you know, I've heard you talk a bit about like information diet and things like this. And there's the old saying, you know, you are who you surround yourself with, like, you're, you're the average of the five people you surround yourself with. I've thought like, you know, that's sort of like an outdated quote, and like, you're just as much you know, I don't spend on sort of like, you don't spend a ton of time in person with a ton of people like besides my girlfriend, basically. And I spend a lot of time like, with people on podcasts, or like in books, and obviously, it's like, I move on from one person to the next. I'm like reading the same person's book over and over again. But like, for that week, at a time, spending, like a lot of hours with whoever the author of a given book is, or whatever the subject of biography is, or whatever it might be. Do you think that that's sort of as much a component or do you truly, like, that's it not enough to sort of change your digital environment, you actually have to sort of move from one place to another, to substantially sort of change who you are and how you think and things like that? Of course,

Sahil Lavingia 43:49

you have to Yeah, I mean, to me, it's like a no brainer. It's like, no one would ever dream that like reading a book on Italy would get you anywhere close to actually physically visiting, right? Like, no one thinks that traveling is replaceable by VR. So of course, that should apply to like, every other part of the human experience. Right? So yeah, I think you're totally losing a ton. You know, when you're not physically in an environment. I think the reality is that, and people don't really want to admit this, I think, is that you can only be in one place at a time. And so you are giving up something, and there's this, I frankly, I think it's sort of this religious belief that people like kind of aren't entitled to like, more than they get in



life. And this is why they invent things like heaven. And, and, you know, this sort of problem is solved by religion in many ways. And I think the way the sort of secular answer is that, like, you can learn all of this stuff online. It's like you can eat and it's like, no, if you really want something, guess what, you'll move there. You know, that actually, I think the problem is that people don't actually want to move there and they just feel bad about it. And I would rather People just not feel bad about it. You know, like, for example, I'd rather some kid and like Singapore, who's obsessed about making it as like a, you know, famous artist, but isn't willing to move to Hollywood, just give up on the dream, frankly, right, just like do something else with their life. Because the truth is like, that does matter. And I see it all the time. I think there's a lot and I can sort of dissect it from a gazillion specific ways on why thinking person is just so you know, but the Fed, there's like, so many reasons, like there's 1000s of reasons I could list literally, you know, like, one reason is that, like, for example, like people don't swear on Twitter. So you don't actually know how anyone actually talks or sounds like on Twitter, right. And frankly, you won't know on a podcast either. You won't know, in any context outside of like, a private unrecorded setting. And so how do you get that right? In a, you just can't yet, you know, like, unless there's maybe some editing technology that exists that can perfectly like replicate that the dinner party or the house party and an end to end encrypted way, which is certainly possible. But I don't think it's, you know, I don't think we're anywhere near there. I think it's so I mean, I, you know, I will fly to SF and meet like, 15 people that I will be friends with for the rest of my life, you know, it's like, an infinite amount of value. If you care about those sorts of things, right. And so, yeah, I think it's, it's just sort of an inconvenient truth, I think that like your location really matter. I mean, it's the number one advice I give to basically anybody that is to is to, is to move. Like, there's like two pieces of advice I give that always get negative feedback. And that's one of them.

Jake 46:46

It's interesting, when I take that and sort of contrast it to what you're doing with Gumroad, and flex style as well, with like, you're giving people from around the world the opportunity to do what was



previously somewhat reserved for, like, people had to kind of move to Silicon Valley, if you want to work for, you know, you want to be a software engineer. And like not everyone, of course, there were opportunities. But the concentration has really been diluted across the world from, you know, a few specific points, Silicon Valley being like sort of the most concentrated point. So like, you no longer have to move to have certain types of opportunities, at least career wise. But at the same time, to your point, if you're in Singapore, and you want to be in movies, you should probably still move to Hollywood, and maybe you can make something work, but it's going to be like more challenging. Do you think that the world is moving in a direction? Where location for whatever reason, might be, you know, a little less important over time? Or do you think that's something that's going to persist for a very long time?

Sahil Lavingia 47:46

Yeah, I don't think it'll ever not not persist, because at the end of the day, you need you need scarcity, right? And so that's what like, capital is, like, why is something worth a lot? It's, it's everything is worth something relative to something else, right. So if you if you double your income, what you're saying is you just grew your income twice as fast as like the rest of society. Right? That's about it. And so, yeah, I think I think you need to just kind of acknowledge, there will always be this inequality that exists and like locations will always have like this profound benefit, as long as there's growth, like, the only way to, like have that scenario happen is to stop growth, and to focus on distribution of existing wealth, then we could totally do it. But as long as wealth is being generated, it will never be generated in in a sort of distributed way. I think Lexile like, I think it's so centralized, that that's why I'm building flexible, right? Like, the reason I'm building Flex is because I'm not convinced that these opportunities actually exist at all. Like Gumroad is one of almost not in terms of being able to offer, you know, hundreds of 1000s of dollars a year to work, you know, flexible hours, like no matter where you live in the world, I really don't think there's like been hundreds of those jobs yet. And that's why I'm building textile. And also like the equity piece too, right? If you think about where the equity that generates wealth is created, it's really still very, very, very centralized. If you look at where the

exits come from, and where like, you know, where the companies that that generated those equity, like where they were founded. Generally, they're still happening often in like San Francisco Bay Area kind of places. So at least my sphere of Salford

Jake 49:39

right, so I appreciate you sort of bringing us back from the rabbit hole a little bit and indulging it while we were going into it. But talking about flex AI a little bit more since you brought it up. Can you sort of tell us a little bit about you know, you obviously like sort of you're pretty content and it sounds a lot with a lot of things and the way that your days are and everything like that and you've got Gumroad going, what about flex style was like, you know, gave you the push that like, oh, I actually want to try to build a company here. When you think about flex style, is it from day one something that you're going to try to operate in the flex style sort of way? Like you have Gumroad? Or are you open to the idea that like, you know, you might want to pursue growth over profit on this one, until you sort of realize that that's not happening, and then you go to profit? Or how are you thinking about that? And what just gave you like that push to, you know, make this a real venture?

Sahil Lavingia 50:32

Yeah, I mean, I think I think I'll, I'll do it, I'll have a similar approach to Gumroad, just probably with a little bit more nuanced, I think government's approach works quite well, which is when we are growing, and investors really want to invest in the company at really high valuations, we'll take the money and spend it on engineers. And when that doesn't happen, we'll lean down and get the profitable and do that, right. And so I actually think we nailed it. And I don't know if I would do anything super differently, except just be more self aware about ironically, like maybe wouldn't have worked if I were self aware about it. But with Flex, we're thinking about it slightly differently, mostly that we want to make sure we get to Product Market Fit first. So we're saying no to a lot of investors, just because I think I want to make sure that the product actually has product market fit, I don't actually like I just think it's wasteful, you know, to raise money for something that may not need it. Government is also profitable. So we don't really like it doesn't really get us anything.

And so the goal is to get flux out to sort of cashflow positive, and then to spin it out as a separate company. And to probably do it with this sort of remote part time model that we have, I'm definitely open to doing something else. I think if I were to do something else, like hire full time, you know, the most likely scenario would be to basically open an office in New York and say, you know, you either get to pursue the flexible working model, or you have to work in New York, in this very, very startup new way. And we can just like, have two teams, you know, the remote team and the New York team, we'll see what happens like that might be interesting. We, I'm totally down to experiment, I don't think the battle is won, I think there's still a lot of stuff to figure out, I'm not attached to a certain outcome, I mostly just want to build and I want to solve this problem, I feel like we have a really big problem. It's like a really spiky thorn in my side. And my, my approach to building stuff is like, I'm gonna solve that thorn in my side and do it really well, because I like building high quality products. And I'll talk about them publicly. And hopefully, other people have a similar thorn in their side, and we can do it for them. And I really believe this equity dividends thing can be, you know, I really believe I mean, I wouldn't work on it unless I felt like flux owl has like, you know, a billion dollar company potential, right, like I, I really, I believe I have high hopes were just like, I had high hopes for Gumroad. Because even though I do believe in, you know, picking things that are sustainable, I also want to work on things that have high impact, you know, that, to me is the sweet spot if I can find things that are, you know, low capex and Bootstrap bubble, like Gumroad, flexon, but I can also raise money for them if and when I need to. And there's the demand for it. And as long as I think I operate, you know, what I think my superpower is, is to transparently just talk about everything I do all the time. So like, I'm not, I feel comfortable, you know, being able to do things the way I do things, because I feel like I'm giving everyone like a pretty fair warning. You know, there's like disclosure, there's plenty of disclosures, right? happening. And so, and so far, I mean, basically, every time I asked an investor, like, hey, what do you think this is weird? Like, every time they're like, just do whatever you want, like I invested in you, it seems to be working, you know, like, it's sort of working better than most people would think. So you know, why not? keep seeing where it goes. And so that's kind of what I feel at least



a little bit of what my obligation is, is to kind of keep experimenting. And luckily, that's sort of my own tendency. Or maybe I'm justifying might be experimentation, because I like it. I don't know. But at least it seems to kind of work out so far. So

Jake 54:05

yeah, one of the things from the book is, you know, related to this point, as is, with Gumroad, like you guys raised from you sort of bought thought back out some of the original investors and then ultimately ended up raising a little bit of capital, not a little bit like \$5 million, I think from like, crowdsourcing through Republic from basically, the community of creators that use and love Gumroad. This is where I think it starts to get into like, what if you had given you know, the first Uber drivers some tokens? Or what if you gave like the first Airbnb hosts some tokens and then like, ultimately, they have like something that's quasi equity and they can get dividends when the company goes public or whatever it might be. When it comes to flex, I'll like you guys aren't working with creators. Well, I mean, you are they're just sort of maybe one step further, where they're like, sort of founders building organizations, rather than maybe individual creators. Have you thought about how you might raise from them because like, obviously, it's easy for you to raise this point, there's plenty people who just back you without you probably having to tell them anything about what you plan on working on. But to your point, you don't just want to accept that blindly, you want to sort of do it at the right time from the right people in the right amounts. Have you thought about how that could apply with Flex style to maybe raise from customers or involve crypto in some way or anything like that?

Sahil Lavingia 55:22

Yeah, I mean, I definitely don't think it will involve crypto. I just don't think it's necessary. I think the cool thing is that all of this stuff exists, it just hasn't been necessarily, because of the 0%, interest rate environment. And Flexa, we'll, we'll build all this stuff into it. It'll do dividends, it'll do. Tax, you know, 1099 is, it's a very, you know, well established legal financial procedure to issue dividends. And so we'll just do it. And we'll do it to 7000 people. And if there's demand, reflect style, in a similar way, where

people know what they're getting, which is access to cash flow in the future, then maybe it's worth it. And we'll raise \$5 million, I think we'll do it similarly to Gumroad, where I'll probably go to a few investors, I know myself, and get them to agree to put in like 100k or so each, at some valuation that I think is reasonable, in this case, probably about 15 to 25 million. And then, you know, using that price, I would sort of let anyone invest, you know, in the same terms, and I just, yeah, I don't, that's kind of how I would do it. And I would just that would be the last round the company would ever raise, like, why would you need to raise more, you know, as a software product, right? What else is the money for? All you're doing? The reason you're raising money is because these people want a position in the company, and you're willing to give it to them, and you can hire some engineers and speed up the product development a little bit. And that's it. Once you exhaust that capital, you're profitable, and you're just doing it just like Gumroad. Right. And so I think you may see more and more of these. But yeah, we have to prove out the model and, and show people and, and we'll see what the you know, what is the investor demand for a company like Gumroad, issuing \$6 million of dividends a year? Right? What does that value the company? I do any investors want that? Is that just too weird? Is that annoying? You know, I think these are things we'll learn in the next quarter or two.

Jake 57:34

While I know we're coming up on time, but I really appreciate it and enjoy the conversation. I'm excited to listen to it back, actually. But um, if people are listening, and you know, you think that any of this type of stuff that we're talking about is interesting. There's a much more sort of orderly and practical walkthrough in the book, The minimalist entrepreneur as well as a few blog posts that might sort of you can that's like an in between if you don't want to dive right into the book, read the blog posts on sales website. And if you're thinking about creating something, you know, flex might be an interesting way to do it. So go check that out. But thank you again, for joining me today and really enjoyed the conversation. Appreciate you taking the time.

Sahil Lavingia 58:15

You're welcome. Thanks for having me.

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