

How to plant the seeds of success in the new cannabis economy

[Psychology](#), [Success](#)



Does it take much more than a match and a bowl to go into business? If you know your chronic from Colombian, isn't that enough to sell the stuff? What does an entrepreneur need to do to open a green business and capitalize on the new cannabis laws?

Planting seeds in the cannabis economy is not for the amateur without the right guidance and information. That was one of my many takeaways from the recent in Los Angeles.

New post: Cannabis Industry Talks This Week At Cannabis World
Congress LA

— MJ Headline News (@MJHeadlineNews)

What's the attraction?

The possibility of big revenue has people rushing to the retail cannabis business in states where they have passed laws permitting marijuana sale for medical or recreational purposes, and in states where they expect that market to open soon.

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market as high as \$40 billion back in 2010. But, the , and predicts that " by 2019, all of the state-legal marijuana markets combined will make for a potential overall market worth almost \$11 billion annually." And, to \$7. 1 billion.

Why such variations? For starters, it's challenging to measure a market where there is a huge under-market in illegal sales and in sales to customers

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from outside the licensed jurisdiction. And, while it is probable that additional states will permit the market, it is by no means certain. Additionally, sales in population-dense centers like Los Angeles can skew any forecast.

Nonetheless, there is gold in that grass. These numbers put the cannabis industry among the top 10 in the economy, right up there with consumer goods, construction and telecommunications. In all, 25 states now permit the sale of medical marijuana, admittedly with widely varying regulations.

Map of State Marijuana Laws in America -

— Hempyreum. org (@hempyreum)

Where's the economy?

As laws change with every election and meeting of state legislatures, the above CNN map is a recent survey of the U. S. Notice the map key that labels the green states legal for medical and recreational use, orange states where medical marijuana is okay (including some jurisdictions that have independently decriminalized restricted possession) and yellow states where only medical Cannabidiol (commonly referred to as CBD) is permitted.

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It bears noting that some places have also decriminalized having possession CBD in small amounts. CBD is a derivative with reputed positive medical outcomes without the psychoactive experience.

At the same time, you might want to contrast that with a map that locates admitted users, such as a few of the maps found here at . Knowing where the consumers are and where the laws are permissive, you have a better shot at targeting a location.

For example, marijuana users report heavy use in the New England states where, in some jurisdictions, only medical use is currently legal. And, given the wide-open spaces in Washington, Oregon, Colorado and Alaska, sales are likely to be located in the few densely populated cities there. As you can see, despite the promise, where you choose to plant seeds in the cannabis economy depends on many factors. It's probably not something to jump into without thorough legal advice.

What does it take?

For starters, planting seeds in the cannabis economy with a retail outlet takes retail business know-how. Small businesses have a terrible record of failure. The Small Business Administration (SBA) finds that half of all small businesses fail within the first five years and only a third survive seven years. They fail because owners lack management experience, underestimating the need and availability of capital, poor planning and staffing, as well as for generally entering business for all the wrong reasons.

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So, if you want to enter the business because it looks like fun, you might want to have some seasoned industry assistance along the way. “ The legal cannabis industry is becoming highly institutionalized,” said Adam Bierman,

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chief executive officer of , a Los Angeles-based firm that offers management services to licensed operators. “ It is a natural evolution as the industry outgrows its legacy origins. You have serious, institutional capital entering this space today, and these investors demand a certain level of accountability and performance.”

In summary, when you consider entering the retail marijuana space, it would be wise to weigh the following added concerns:

- Learn the financial operation, including pricing, supply chain management, cash flow and reserves, point-of-sale software, accounting principles and more.
- Study the law and possible regulatory environment and join business advocacy groups.
- Secure an experienced attorney prior to formal planning to reduce liability exposure and comply with all regulatory authorities.
- Pay payroll taxes and comply with regulatory sales taxes, which are more complicated and higher than typical sales taxes within the marijuana industry.
- Harvest resources in the supply chain: Farmers, supplies, accessories and so on.
- Train employees in retail customer service and in the nuances of what the law permits in terms of labeling, representation and advertising.

Marketing is one of the single most important parts of staging and ensuring a successful entry into the retail cannabis industry as well. This includes market research and advertising. need to know the demographic profile of the customers that surround their retail locations and how far they will travel if the right accommodations are provided for them.

" Cannabis marketing is the strategy in which you creatively reach your customers and let them know you are providing what they need," said James Marland, CEO of . " To quote Ted Levitt, the godfather of marketing, and professor at Harvard Business School, 'Nothing drives progress like the imagination. Put customers at the center of all you do and put marketing at the center of strategy'".

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Succeeding in cannabis sales appears very promising, but it does involve business risks that do not threaten more ordinary retail products. Still, success is often a function of the risk, and the passion and autonomy that drives entrepreneurs can make the real difference.