



# THE SUCCESSFUL CANNA-PRENEUR

THE PRACTICAL GUIDE  
TO THRIVE IN THE  
LEGAL CANNABIS SPACE

J M B A L B U E N A



*THE SUCCESSFUL*  
**CANNA-PRENEUR**

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CANNABIS SPACE

JM BALBUENA

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Published 2020

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Cover design by Jennifer Stimson

Editor: Natasa Smirnov

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## ADVANCE PRAISE

“*The Successful Canna-preneur* is a must read for any person of color aspiring to join the cannabis industry, chocked full of practical advice and down to earth realness, this book should be a part of every aspiring canna-business owner's success toolbox.”

— KRISTI PRICE, *BLACK CANNABUSINESS* MAGAZINE

“As a serial entrepreneur, it was refreshing to read a book that took you back to the basics, it is always good to relearn something in life and I found that over the past few years, I have been stuck in a few areas of entrepreneurship. This book reminded me of the fundamentals that I always knew but overlooked when it came to looking at the internal processes within your company, the business model and the variety of options available when it comes to raising capital. I highly suggest this book for each new cannabis entrepreneur and to be honest, even an established cannabis entrepreneur.”

— ADELIA CARRILLO, EVENTHI

"Entering the cannabis industry can be challenging. Johann Balbuena's guide simplifies a lot of information into a usable format for you to start your *canna-*preneurship journey."

— KEVIN FORD, UPLIFT MARYLAND

“Coming from within the regulated industry, Johann's life perspective and challenges embody the legal cannapreneur journey for Americans. She provides a wide range of useful startup advice to avoid the pitfalls with practical solutions for the 1st time entrepreneur and while highlighting important considerations for the experienced cannabis business owner.”

— JAMES SHIH, MY GREEN NETWORK

“For individuals curious about the cannabis industry or looking to expand in it, this book is for you! The author shares her passion for advocacy of the herbal plant as what fuels her on the many roller coasters drops, twist, turns, and sudden stops that come with being in the booming industry. In addition, she strategically provides immense value and transparency around pitfalls and potholes to avoid in order to keep money in your pocket. If you are looking to dive into the green rush, allow this simple guide to be one of your navigating tools to jumpstart your success!”

— ASHLEY HILL, GREEN LIGHT PROJECT

“A secret weapon for aspiring entrepreneurs in the cannabis industry! This book is an empowering how-to guide filled with practical tools for success.”

— BRIE BREWER, PROUD MARY NETWORK

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*For Jojo and Rafaela. Thank you for always believing in me.  
I love you.*

## FOREWORD

IT'S AN INTERESTING TIME to write a book on the entrepreneurial opportunities around cannabis. It's still a very pioneering period, and while there are many who have staked their ground already, often in anticipation of what's coming, the opportunities still available are myriad and so promising as to cause excitement in the heart, and wonder in the mind. It's crucial to recognize there's a lot of change going on—science is advancing, laws are changing, and opinions are changing. It can seem like the ground is constantly shifting.

*The Successful Canna-preneur*, Johann's new book, addresses *exactly* those concerns which should be addressed when getting involved in the cannabis industry. In fact, Christmas Eve of last year (2019) I went to a house party and there was an individual there who sat me down and told me, "You're the guy I've been waiting for!" For a couple of hours, he pumped me with drinks and hit me up with the *same questions* Johann addresses in this book. There is a true need for the information in this book. On a daily basis, I get emails or phone calls or messages through my website with these same questions. So, after reading Johann's book, I realized the answers I had given that gentleman was *all in the book and in the same chronological order*. She has followed a really nice A to Z on the subject. In fact, if you ask me, it's a *workbook* more than anything else.

This industry is not for the faint of heart. And because things are still changing so much, the joke in cannabis is that being in the cannabis business or being in the cannabis industry, years are measured in dog years. One year in cannabis is like seven years in any other business. Nonetheless, if you have the drive to do it, and if you use this book, this resource

correctly, you truly have in a real A to Z format what I find to be an *effective guide*, for old pros and even for someone with no clue yet wants to get involved in this blossoming industry.

Across the globe, legalization of cannabis is coming like a wave. That can be accompanied by a lot of change, a lot of confusion, and immense opportunity for *canna-preneurs*. Competition is tough at both national and state levels. In the U.S. at the state level, people are freaking out because they want to get involved but they don't know quite how to. This is why a lot of doctors have not chosen to be *canna-preneurs*, not quite yet because at the federal level we're subject to federal law enforced by the DEA. Those of us who do *put patients first* and seek the most effective treatments *recommend* medical cannabis.

The current federal law says that if you *prescribe* a *Schedule I* drug (and cannabis is still unjustly lumped in with high-abuse-risk substances with “no safe, accepted medical use” such as heroin, LSD, PCP, and ecstasy), you can have your DEA license revoked. Therefore, we do not “prescribe,” but we “recommend.” As I discuss in my own book, *Hope & Healing: The Case for Cannabis*, by using the word “recommend” we are exercising our First Amendment right of Freedom of Speech (to make a recommendation) without prescribing it.

There are ways to navigate these waters as safely as possible, and as profitably, too, despite all the unpredictability. In fact, if you follow the guidelines in *The Successful Canna-preneur*, you will end up ahead of the game because so many others remain confused or waiting “for the right time” to get involved. And as any investor can tell you, that’s usually too late!

You hold in your hands a great resource for getting involved as a *canna-preneur*, and that might involve any of a number of ways, including:

- growing cannabis
- dispensing
- a business that touches the plant
- a business that doesn't touch the plant
- a business that deals with high THC
- a business that deals with low or no THC, i.e., CBD
- an adjunct or an affiliate type business that doesn't touch the plant but is very instrumental to the growing and the managing of the

plant, like finding real estate for dispensaries or helping growers find land

- producing and selling LED lights for indoor growing
- extracting

In *The Successful Canna-preneur*, Johann addresses these different points and different perspectives. She also explains how a lot of states are “seed to sale,” or *vertically* integrated, where one entity plants the seeds and eventually sells the flower as well, such as we do in Florida. Or, there are other states like California where things are more *horizontal*, where, for example, as a dispensary you have different growers bringing you their products. You pick and choose what products you're going to sell in your store.

I found *The Successful Canna-preneur* a great resource for someone thinking they might like to be in the industry just as much as it might be an important part of somebody's due diligence once they've decided to be part of the industry. It covers that whole range of thought.

I met the author through her company, Cannabis Synergy. I am considered a pioneer as the first medical doctor in Florida to make certain recommendations for cannabis once the laws changed, and I consider Johann a pioneer in the industry as well. She's also a veteran of the armed forces. She was in the U.S. Navy for four years, suffered a severe accident on an ocean liner, and then the PTSD that so often comes along with everything that happens while you're in the military. Once out, she got exposed to the cannabis industry. She's also of Dominican descent, where I went to medical school, and that created an instant rapport between us.

She has the entrepreneurial spirit her parents had. After graduating college, after being 9-to-5, after her military experience, Johann went into a dispensary and saw the volume of people going in and out in the hour that she was there and decided, “*this is where I need to be*”. She approached the guy who originally spoke to her about the cannabis business and started working for him—pretty much for free, and learned as much as she could. And from there she has evolved into her own arena and her own expertise.

Johann has now mixed and matched her passions. In this book, she talks about finding and following your passion, about knowing your *why* and then moving forward. When we met, she was organizing events, and had lined me up to be at one of them. She got a hold of my book and I proudly

remember her telling me *Hope & Healing* inspired her, that reading my book, interviewing me, and doing a podcast with me really got her juices flowing, so much so that she emailed me with the subject line, “You've inspired me,” followed with the message, “Because I have so much respect for you and because you’ve inspired me, I’m reaching out to you because I finally finished my book and I want you to write the foreword.” It’s my honor to do so, because I do proudly consider myself a *canna-preneur* .

It’s what I’ve been doing for the past six years. I am a physician as well as an entrepreneur as a medical executive with an MBA. I’ve successfully restructured my primary care practice into a *medical cannabis practice* . And I have the scars to prove it. But cannabis is a practice you can be passionate about, given the remarkable results it has with patients. In fact, I now spend a great deal of time speaking, and counseling other doctors and government officials around the globe. My travel has recently been limited to my laptop, but even a global pandemic has not slowed the march of medicinal cannabis. If anything, it has accelerated it!

California seemed to be ahead of everyone else, initially. They had laws as far back as 1996, when Proposition 215 became legal, 24 years ago. They were the first state to pass such a law. They became a kind of proving ground at the time, but they didn't do recreational cannabis until 2018. Colorado, Washington, Oregon were all ahead of California for the recreational aka adult use market, but California was the first for the medical market.

Some details will vary depending on your location, but with growth and even confusion, there is often abundant *opportunity*. For example, the minimum age in your country or state may be 21 or it may be 18. One of the factors that has played a major role in holding the administration of medicinal cannabis back (because the demand is so high practically everywhere) is not theoretical but practical. Governments are simply often waiting to see how their neighboring governments deal with setting up a system of legal cannabis before they take the “leap.” So, while details may vary, entrepreneurial principles remain mainly consistent, as do the scientific proofs of the medical efficacy of cannabis, this amazing, natural plant.

And with *The Successful Canna-preneur*, you are well-equipped to dive in.

We are (still) the pioneers. We are the purveyors of *hope and healing*. I am encouraged by *The Successful Canna-preneur*, as it facilitates the success of the industry I love. I hope you too find the passion and opportunity of dealing in or around *cannabis*, that incredible gift of nature.

Dr. Joseph Rosado, MD  
Author, *Hope & Healing: The Case for Cannabis*  
September, 2020  
Ormond Beach, Florida

## 2020 VISION

Look, I get it. I've been in your shoes. From the moment I entered the workforce as an adult, I already knew that shit was not for me. You and I are not the only ones. Believe it or not, millions of people wake up every day and work on someone else's dream. Some wake-and-bake and do the same thing or sit there wishing they could run a cannabis business. There is nothing wrong with dreaming. But dreaming without action is fantasy.

Let's talk cannabis.

The cannabis industry is newly legal, and as the industry transitions to a more mainstream and normalized environment, it continues to experience unprecedented growth.

Building an industry from the ground up takes a village; the cannabis industry attracts entrepreneurs of all areas and levels of experience, from horticulturists to logistics professionals to tech experts, all of whom want a piece of the multibillion-dollar pot pie. While the industry has already experienced exponential growth, it is still in its early stages. With the seemingly endless opportunities in the space, you might be considering launching a cannabis business of your own.

It is not a secret that the cannabis industry is a complex space, due to its novelty, the stigma, and its legal status. This book is a practical guide that provides a bird's-eye view of things you should know about both the business and the advocacy sides of the legal cannabis space before launching a company of your own. Whether you're planning on opening a CBD store or a dispensary, obtaining a cultivation license, or running an

ancillary business, knowing the basics of the industry is essential to building a successful legal cannabis business.

I started adulthood by working in the insurance industry. I'd get into my Scion tC and wait for Alicia Keys to start singing "Superwoman." I made myself a 'get-me-to-work' playlist to prepare myself mentally to sit at my desk for a job I hated. Unfortunately for me, it only worked while I was in the car. As soon as I sat at my desk, I felt the world caving in and my body melting on the desk, at least until lunch. I remember asking a coworker how long she had been working at the office. Her response was twenty years. I felt sick to my stomach at the thought of feeling that way every single morning for twenty years. After hearing that, I went on my lunch break feeling sick and mentally dizzy – so I did what any responsible twenty-one-year-old would do: I called my mom.

I come from a family of immigrant entrepreneurs. Both my parents have always had their own businesses. Despite their careers, what they passed on to my sisters and me was to go to college and get a job with a "bigger company." I think that was the immigrant in them speaking. But I followed the path they carved for me. I graduated from college and got a job that I hated with an entry-level salary. Knowing the background story about my parent's mentality, can you guess what her response was when I called her while having a meltdown on my lunch break? "Get back to work!" I did what she said, but I spent the rest of the day searching for a way out.

I left work and went straight to a U.S. Navy recruiting office, signed up and shipped out six months later. I spent four years in the Navy, had great times and not-so-great times, but at the end of the day there was still something else missing. I was restless and found myself always searching for opportunities for investments, side jobs, just anything else to make more money. Regardless of my success in insurance or the military, I was restless and spent a lot of time searching for something more fulfilling. Waking up to do something to make someone else rich or follow orders for a living was not it.

After learning about and experiencing the therapeutic benefits of cannabis, I was sold. I did two deployments while stationed in California. When I separated, I stayed in Cali. I also dealt with a few issues that are unique to military service veterans. Cannabis helped me to cope in a major way. That experience awoke my entrepreneurial senses.

I am excited to be able to share my story with you, as I think you can relate to my experiences. Cannabis saved my life, and since then I have made it my mission to be an advocate for the plant and make a career out of my passion for it. That being said, if you're not utterly passionate about what you're doing, start the soul search as soon as possible. It's fair to assume you're on that same journey, given that you are reading this book.

From all the conversations I've had with people throughout my years as a professional, I've identified that there are so many ways to really live a life of passion. The way that moved me to take action in that direction was by becoming an entrepreneur and taking control and full ownership of my time, energy, and creativity. Getting involved with cannabis felt like an invitation to do just that.

There are so many great things about being a canna-preneur. The most obvious one is that you get to educate people about a subject that is taboo. Most people have erroneous preconceived notions, and cannabis is a plant that can help the world become a better place. If you've done your research, I'm sure this is not news for you. You know the plant is good and beneficial and you have the urge to spread the message full-time.

One of the main satisfying feelings about being an entrepreneur in any industry is being in control of your own destiny and seeing firsthand the tangible difference you get to make to the people and to the world around you. In cannabis it is no different, especially when having a personal healing experience with the plant. I feel unbelievably fortunate to be a canna-preneur, and those close to me know that my MO is to encourage anyone who will listen to take the leap.

Being an entrepreneur in any industry has as many lows as it does highs. The statistics don't lie: 90 percent of start-ups in the U.S. fail in their first year, and in many cases the ramifications involve financial implications for the founder and their family. It is common for entrepreneurs to wear several hats, work themselves to the bone, and run out of gas and capital before experiencing returns. The good news is there are ways to avoid some of these pitfalls – and that you don't have to do this alone! Why choose the hard way? The answer to that is lack of knowledge, lack of resources, and most importantly: mindset.

Failure happens for many different reasons, and some of these reasons may be out of your control. But in this book, we won't focus on the downside of failure. We will highlight some of the more personal

challenges and opportunities that come with living the lifestyle of a canna-preneur who's gone on to grow a successful cannabis business.

There are three personal challenges faced by almost all entrepreneurs. First of all, it's a very lonely road, in part because during our first couple of years of starting our businesses we spend *a lot* of time struggling with implementation while being surrounded by people who tell us that what we are trying to achieve isn't possible, let alone legal.

This phase is temporary, and when we get past it, we build a wall and learn to rely on ourselves and our instincts. This may feel like it's you against the world, carrying all the weight of your business on your shoulders, and that is ultimately a lonely place to be. The second personal challenge, which is directly related to feeling alone, is feeling overwhelmed and stressed out. And the third is the ghost of financial worries.

Having a clear mental vision of the problem your canna-business is aiming to solve with specific actionable goals and staying the course are key. You don't have to do it alone. Within the pages of this book you will find nuggets that might spark your creative thought and shift your mindset to seeing the opportunities in the challenges within the legal cannabis industry.

Everything starts with a thought and an idea. If you are anything like me, I bet you have a head and notepad full of projects and ideas you want to bring to life in the cannabis space. I hope you know it is possible to make these ideas happen. It's just a matter of getting organized, identifying the viability of these ideas in the legal space, assessing the risks, and determining your idea's competitive edge. *But what about the money?!* you may ask. Trust me, you don't need to be rich in order to be able to make it in this space. The majority of the successful canna-preneurs came from nothing.

Another thing: this book is not all business. My approach starts with self-development, as getting your mindset right can help you to visualize a successful path. Success will come if you carry yourself, both personally and in business, as a person with creative ideas and a provider of value to everyone who connects with you. Mental health is an important topic for entrepreneurs. It's a good thing we work with cannabis, a substance that, although considered a controlled substance, has proven over and over that it has therapeutic benefits for anxiety! In cannabis, being in alignment means

there's a delicate balance between your passion, advocacy, your wallet, and your personal life.

If your biggest problems are related to profiting from your passion for cannabis, efficiently managing your time and energy, and living in the present moment, you are in the right place at the right time.

The life of a successful canna-preneur is not easy, but it's definitely worth it if you do it the right way and for the right reasons. Most people think this is impossible. But the only people who know it is possible are the few who took the path less traveled and got there. The prize of following your passion and living life on your own terms is better quality of day-to-day mental health for professional success. It's no different for cannabis professionals; in fact, it's harder because of the dynamic characteristics of this industry. For that reason, I took the time to put together this guide with actionable direction on how to start and manage a successful legal cannabis business that aligns with your passion and does not break the bank, shifts your mindset to become hyper-aware of the surplus of opportunities in the cannabis space, and guides you in your journey of becoming a legal canna-preneur and an advocate for the plant.

Whether you're starting your journey as canna-preneur or want to expand an existing cannabis business, this book is for you.

Let's get to work!

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## SYNERGY

If you have this book in your hands, chances are I was in your shoes not too long ago. In 2014, I finished my service term with the U.S. Navy and embarked on a new beginning. Unbeknownst to me, it would be absolutely tough. Starting new always is. But add a few battle scars from my time in the service and adjusting from military to civilian life, and the toughness level goes up just a few more notches.

I'm the only person I know who had "being a U.S. Navy sailor" as an item on their bucket list. I joined the U.S. Navy shortly after graduating from college. I served proudly, traveled the world, and also suffered a traumatic accident while working on the flight deck of the aircraft carrier USS John C. Stennis. I suffered a concussion, which caused me to lose the English language for about fifteen minutes. Luckily, I speak Spanish so I was still able to communicate, but you can only imagine the fog that my brain was in. The accident changed everything. I experienced a whirlwind of "little fires everywhere" in the form of a disruption in my sleeping pattern, frequent migraines, back pain, and a gray cloud that I was not able to shake away no matter how hard I tried. Dealing with all the aforementioned aches and pains led to stress and irritability, which led to depression and anxiety, which led to me hitting rock bottom and wanting to end it all. I was done with life. It got to the point where I would mostly think about ending my life . . . until I was introduced to cannabis.

To cut a long story short, that accident did a number on me, mentally and physically. When I separated two years after the accident, of which seven months were spent doing physical therapy and taking heavy pain medication, I became depressed. I was sad all the time and couldn't control

it, suffering in silence. I did not sleep at night and experienced so much pain. I was always tense, which caused problems in my relationships with anyone who was close to me. All while working a nine-to-five I hated, giving my all at that super-safe job to the point of compromising my own health but becoming top 10 percent in the state of California, and helping my family build a multi-million dollar food processing business. It's crazy the kind of pain women can endure and still be productive! But that's another topic for another book.

Regardless of all the issues, as you learned in the last chapter I am the daughter of two entrepreneurs, so hating the nine-to-five was only natural. These two successful entrepreneurs also happened to be immigrants, so their objective of "working hard" was for their kids to go to college to become a doctor, lawyer, or an engineer. I am a creative, so that just meant I was doomed if I picked the career they expected of me, and doomed if I chose to follow the creative path. Anyway, being around my parents got me used to thinking of business ideas, or hearing of a business model and critically thinking of its profit centers. As a child, that was a game I played with my father. He would ask me, "How do you think XYZ company makes money?" We would both brainstorm ideas, and even if the ideas we came up with weren't real, it was definitely a great mind exercise. For fun, we would look up businesses for sale or business ideas in different fields and talk about how we would optimize the business model. My father passed away while I was a teenager, but the seed was planted. As an adult, in my spare time after work I spent a lot of time searching ways to buy or create a business. That's the only thing that kept me looking forward to something throughout my depressive state. One day, a fellow Navy veteran who had recently separated as well came to my house and asked if I would smoke cannabis with him. I agreed, hesitantly. Within five to seven minutes after consuming it, the gray fog I had experienced since the flight deck accident in my mind was gone. The best way I can describe the following hour is by saying I felt like I was myself again. Even more accurate would be to say I felt like a kid again: carefree, with a sense of humor, and simply unbothered. Even though the clear mind was temporary, at that moment I became curious about cannabis.

Growing up in a Caribbean Latinx household means that in your world cannabis is a gateway drug that leads to horrible things such as loss of brain

cells (I wish I were kidding). Therefore, even though I felt relief, I found myself thinking I was a bad person, or worse, a “drug addict.”

Despite the conflict, I wanted to feel okay again. So I looked into safely buying cannabis in California and realized there were dispensaries all over and that obtaining a medical recommendation from a physician was not a difficult process and was actually legal in California in 2014. During my first visit to the dispensary, I remember there was a waiting area and what seemed almost like a health desk. I waited in line. There were about five people ahead of me. Some would sit down, and some were directed to enter another room. But all together there must have been about thirteen people in the waiting area, and about every thirty seconds there was someone exiting the other room, in exchange for a person in the waiting area. As I approached the person at the desk, I saw what I can best describe as a hybrid of an admin person/armed security guard. I provided him my medical recommendation and ID, and he asked me if it was my first time at the shop. When I confirmed, he gave me a form and asked me to fill it out while he verified my medical card. As I sat to fill out the intake form, there was one thought in the back of my mind that I could not help but notice: the heavy traffic flow in and out of the dispensary. I must have counted roughly nineteen customers since I entered the parking lot! In that moment, my entrepreneurial senses spiked up higher than they ever had before. Then I entered the sales room. I had never seen so much weed in my life. They had huge jars full of cannabis flower. I will never forget the smell. It was potent! But at the same time, it was so inviting and rugged. I looked around and saw an area that looked like the candy section in 711 but it was behind the counter. They had gummies of all kinds, chocolates, hard and chewy candies, cookies, chips, crackers, mints, ice cream, all kinds of things. I was in awe at the fact that I did not know that any of that existed. Everything I just mentioned was infused with cannabis. I got to the counter. I had no idea what to even ask for, so I asked, “What’s the best strain you have?” At that point, my knowledge was limited to the fact that there are different types of weed categorized as indica, sativa, and hybrid. I also wanted to make sure I let the salesperson know I was there because of the same things I had told the medical doctor who I saw to get my medical recommendation. I felt that way mostly because of the fear of getting in trouble with the law or being judged, but I was still looking for something to help me cope with the gray cloud in my head and manage the physical pain. He made

recommendations, and I went with the ones that sounded fruity. Because it was my first time at the store, he gave me a free infused chocolate chip cookie and rolling papers with my order, which came out to approximately \$120. As I walked out, I took a quick glance at the waiting area and again, it was completely packed. This time, since I was aware of my senses being heightened, I noticed something more: about 70 percent of the people there were males whose ages seemed to vary (mid-twenties to maybe sixties), while the women seemed the same age (mid-to-late twenties) and seemed to have been a group of friends based on the dynamics of their interactions. So that sparked my brain even more. Doing the math in my head as I walked to the car, I almost felt like I was high – and I hadn't even touched the cannabis yet. I was just thinking simple math: if everyone there spent \$100, and there's a cycle of at least thirty customers per hour in a twelve-hour shift seven days per week, that's a lot of cash. Even half of that blows your neighborhood's friendly liquor store or smoke shop out of the water. My mind was in awe. I literally walked past my car, distracted by the math problem in my head. When I got to the car, I picked up the phone and called my youngest sister – aka the person who I tell all my ideas – to test the temperature of my crazy since she keeps it so real and challenges me at all times. I told her what I had just witnessed, and she said, "Oh shit, Mom is going to kill you, but if you strike gold, count me in." At that point, the research I was doing about the cannabis plant became more than about using the science to justify my consumption to my hardcore Christian Dominican family. It now included googling the green rush and opportunities in the space.

To my surprise, the research on the science part was full of information that made me question if I had been hiding under a rock for half my life. It turns out that for several decades now scientists and researchers have been studying the effects of cannabis, and guess what? They have made several important discoveries. Not only has it been known for a long time that the fiber of the *Cannabis sativa* L. plant can be used in eco-friendly production of plastic, paper, biofuels, composite materials, fabric, and much more, they also have identified the active molecules and components in cannabis (known as cannabinoids) and discovered where and how they work in the brain via a system in our bodies (and our pets . . .) akin to the circulatory system, the respiratory system, the nervous system (you get the point), which they identified as the endocannabinoid (EC) system. The EC system,

which, in what I would call a revolutionary act, was named after the plant *Cannabis sativa* and its active ingredient delta-9-tetrahydrocannabinol (THC), is a unique communications system in the brain and body that affects many important functions, including how a person feels, moves, and reacts.

The natural chemicals produced by the body that interact within the EC system are called cannabinoids. The most widely known cannabinoids are CBD and THC. They interact with receptors in the body to regulate important body functions such as pain, memory, appetite, stress, sleep, metabolism, immune function and reproductive function. They don't teach this in school, but they do in some medical schools outside of the U.S. (including medical schools in countries like the Dominican Republic and Spain). They talk about the EC system and its purpose, but don't fail to overstate the legalities and stigma. Anyway, this is a book about business, but if you want to be in this space for the long run, this is something you should educate yourself about. I hate to sound like your fifth-grade science teacher, but in order to understand the business, you need to have a legitimate understanding of why cannabis is a viable product. So, it's important to understand the needs of the market (consumers), how the product meets these needs (cannabis experience), and how the product can help a large amount of people (how big the market is). But we will address that in a later chapter!

The universe knew what she was doing, because just a couple of months after my visit to the dispensary, the most random yet clutch thing happened that would change everything. I had a goodbye party for a friend who was leaving town with the Navy. Her plus-one rolled blunt after blunt and my entrepreneurial senses spiked up again. I approached him, introduced myself, and started a conversation about cannabis in California. He introduced himself as Duane and told me he was working on building and expanding a legal cannabis business. We spoke about his business and he said something that intrigued me. He said the word "legal." He also overheard me speaking about lack of sleep and offered me a fifteen-milligram edible hard candy and said it was infused with cannabis and that it would help me sleep through the night.

That night was a pivotal moment. I slept six solid consecutive hours for the first time in three years. That morning, I made the decision to not only invest in the cannabis industry, but to make it my life's mission to propagate

the message that the cannabis plant is beneficial and has the potential to help a lot of people. The thought of the concept of cannabis being a “legal” thing kept bugging me all that weekend, so I asked my friend for the phone number of her date. I told her it was for business purposes and she agreed. I texted Duane right away and, without hesitation, asked him if I could work for him. I didn’t know anything about this man except that he was working on expanding his cannabis business, but I blatantly took my shot. He asked me to come to his office, where we spoke about my skills and knowledge. I told him I didn’t know shit about weed except that it helped me with my mood and sleep when I took it, but that I was aware of the industry’s potential and I wanted to take a crack at it. The most memorable part of our meeting was when he told me that many young people had sat on the chair that I was sitting in and asked for an opportunity to work in the industry. He asked me to look around me and pointed out that every single one of those guys was not here any longer. I told him that none of those people were me.

Duane laughed and told me, “This is the hardest job you’ll ever do.” I remember thinking, *I’ve worked on the flight deck of an aircraft carrier, I think I’ll be alright*. I’m not going to make you wait for a later chapter to tell you: Duane was not lying. I had no idea what I had signed up for. But I was in for the ride of my life. I interned (aka worked part-time for no pay while having a full-time job) for Duane for about five months helping with admin work (writing, proofreading, editing proposals, filling out applications, and doing research). Eventually, the company received funds from investors and Duane asked me and a few other people to work full-time. He asked this on a Saturday. I put in my two weeks’ notice that following Monday.

In those two weeks, I still worked for Duane’s company. But in preparation to move on, I engulfed myself in understanding the science behind cannabis, the perils of prohibition and its ramifications, what it meant to be a legal business under Proposition 215 (which was the specific laws that governed the commercial aspect of the cannabis business at the time), and the business models that provided an idea of what the business of selling cannabis entailed. It wasn’t anything sexy! I googled everything. There is so much information out there, but not everything is backed by science. However, there are millions of personal anecdotes from people all over the world whose conditions have been treated with cannabis. And there was evidence that the plant was an industrial product and, like many

other plants, had medical benefits. So I read books (including *The Emperor Wears No Clothes*, *The Cannabis Manifesto*, and *Big Weed*), I listened to podcasts, and I signed up for cannabis business news. That Monday was the beginning of the rest of my life.

Look, I get it. Like you, I am passionate about cannabis and the community that comes along with it. I am aware that there is money to be made, but also that the cannabis plant can help a lot of people and even the planet. With it, we can genuinely do good work and make money. I hated my insurance job and hated waking up to make money for someone else. I hated feeling like I lived for the weekends while hating every day of the week. I knew there was something bigger and with a purpose for me that could potentially be a financial vehicle as well. I am telling you right now, cannabis is it, and if you're reading this book, you are onto something, my friend.

When I took the leap of faith, it seemed like everything began to operate in synergy. Like I said, I am not going to lie, this industry is hard AF. It is still a new industry so there are and there will be *a lot* of growing pains for the foreseeable future, but the organizations that help to pave the way and to build the economies of scale within the infrastructure of the commercial cannabis ecosystem will be the unicorns in the space. But the potential is colossal and oozes with the good kind of disruptive characteristics. This grants our generation the opportunity to not only build an industry from the ground up (respect to all who have been paving the way – my hat's off to my brothers and sisters who have been advocating, educating, and on the front lines exhorting to evoke change, all while running a cannabis business at the same time), but to do it in a way that hasn't been done before: creating a win-win situation from seed to experience, a beneficial situation for the consumer, the business, and the community. That's my why.

Duane's company strategy was to acquire licenses in legal states. In the years I worked with Duane, we acquired six licenses, transitioned from medical-only to fully legal, lost it all and gained it all again, got creative in so many ways, laughed, cried, made money, made friends, and helped the community. Working with Duane while experiencing all the curveballs and the roller coaster that is the cannabis industry, I truly learned more than I have ever learned in any school. I have an MBA and an MIS, and I still truly mean that last statement. Those degrees are nice to have but do not determine the level of success one can achieve in the cannabis space, I can

tell you that. All you need is to have a clear why or vision, the guts to bet on yourself, the patience to deal with market corrections, the creativity to keep a solutions-based mindset, the passion to build a self-sustainable community, and a basic understanding of business. And although cannabis has been around for a long time, it is still a new industry! To give you a perspective with respect to the legal cannabis industry's age and experience . . . the fully legal cannabis space in California is only two years old. In Colorado, Oregon, and Washington, it is six years old. Medical-only in California is just over twenty-four years old (I'm thirty-six, so I lived a full twelve years before the legal – or better said, regulated – cannabis industry surged!).

Preparation is key. I took that to heart when I started in this space. It's no secret that all the greatest do it (in all industries): they focus most of their energy on actionable preparation. There is no need to reinvent the wheel. Because the industry is new, this is also new to investors, so they will be investing in you more than they will be investing in the business. So, developing productive habits is a must if you want to remain standing when the cloud of smoke dissipates. Arming myself with information, focusing on being a creator, and having a clear vision of my why gave me an edge and solidified my confidence. I started Balbuena Consulting with the purpose of working with entrepreneurs who needed assistance with licensing acquisition in the cannabis space. Based on my experience at different dispensaries, I wondered what kind of help they needed. Having helped my family build a multimillion-dollar business from the ground up (Palenque Provisions, a Latinx Foods producer headquartered in New Jersey), I figured I could help a cannabis business do the same. My first year was spent being a sponge, learning everything, asking questions, and educating myself on my own time, no matter how tired I was. I nearly worked myself to the bone, but it felt so good because for every day that passed, I felt more confident, more knowledgeable, and much closer to where and who I wanted to be. When the time came to start my own business (within two years), I wasn't excited anymore because it wasn't fun to work for someone else (again). The industry had changed so much in two years, and I felt like the next step was for me to bring my ideas and unique approach to life. I had just turned thirty and I felt like all the pieces and the hard work had aligned and opened up a path that involved me bringing my own ideas and solutions for the cannabis industry to the table. So I did! It

was the scariest thing ever. I think I felt nauseous the first couple of days, wondering if or how bad I was going to fail. But after day three, I realized I was 'time-rich'. I literally had all the time in the world to create, simply said. I put my head down and went to work. I started gathering all my resources, organizing all my contacts, creating a portfolio of my work in cannabis, making an office space at my house, then doing research, going to networking events, meeting new people, writing ideas down, listening to podcasts/audiobooks, telling everyone I met (who wanted to hear) what I was doing, and practicing gratitude. Next thing you know, I started building authentic relationships, sharing ideas, giving advice (for free and for pay), helping people, getting clients, and coaching canna-preneurs in all stages of their journeys!

Balbuena Consulting evolved into Synergy, my media and cannabis content creation company, which was started because after I had been working in the industry for a couple of years, I felt like mainstream media was biased with respect to the information they propagated about cannabis. Very rarely do they focus on innovation and the people. In my opinion, their main focus is romanticizing police seizures, covering mostly multimillion-dollar companies, and every now and then shedding light on medical stories. There is nothing wrong with that, if that's your interest, except for the fact that there is way more to the cannabis industry than those three aspects. Our objective, by focusing on innovation and telling the stories from the perspective of the people working in the industry, is to attract high-quality professionals and entrepreneurs into the space to make it more sustainable and less dependent on politics. Since our humble beginnings we have created Cannabis Synergy, Prohibition Tales, Boycott Shitty Weed, and the ShopLegal.org Campaign, and created high-quality cannabis content for the California cannabis industry.

*The Successful Canna-preneur* is an effort to build a sustainable business environment within the cannabis industry through attracting and preparing hardworking entrepreneurs like yourself. The main objectives are to arm you with information to become a successful legal cannabis entrepreneur, to start and grow a cannabis business that aligns with your passion and your wallet, to better understand the legalities in the space, and, most importantly, to help you to discover opportunities within this novel industry.

Before we move forward, I'd like to get even more real with you. Look, everything starts within. Chances are, if you are reading this book, you want to be a part of something bigger than yourself. I invite you to bet on yourself relentlessly. The cannabis industry, regulated and non-regulated, is a community with values and purpose. Let's create a community of experienced and novice successful canna-preneurs who come together to build upon a culture that views problems as projects that can be managed with a solutions-focused mindset and takes the industry to the next level.

So, ask yourself:

1. What's your why?
2. Are you willing to bet on yourself?

Get clear about the answers to those two questions, then move on to the next chapter.

## THE ROADMAP

It is an exciting time to be a part of the growing cannabis industry, where timing and positioning intersecting with opportunity can generate huge returns. Nonetheless, it's a place for neither fools nor the faint of heart to tread. Although the growth of the cannabis industry is often compared to alcohol prohibition and the Internet boom, the industry is unique unto itself, as its diverse and vibrant culture has woven itself into mainstream society's fabric, demanding an appreciation for technical complexity and innovation.

Canna-preneurship is a lifestyle that combines education, advocacy, and the quest for financial freedom while propagating the message that the cannabis plant is good and beneficial. In order to be in the industry for the long run and survive the strong currents set forth by prohibition, successful canna-preneurs must be passionate about the plant and have an extra kick of grit and a dash of creativity. As the industry stands right now, creativity and grit can take you further than experience.

My promise to you is to give you the real information, while taking you on a fun journey about the adventure that it is to be a part of the cannabis industry.

Contrary to popular belief, in order to get into the cannabis industry, you don't need a million bucks. While it would make it a lot easier if you had access to that kind of capital, there are many ways in which you can enter the industry. For example, growing a community, growing your knowledge, and growing relationships can help you take your career and your canna-business to the next level without that kind of capital.

## THE ELEPHANT IN THE ROOM

Let's address the elephant in the room! Is cannabis legal at the federal level? Today, that answer is not necessarily no. We have the U.S. Farm Bill of 2018 to thank for that. In December of 2018, the 2018 Farm Bill was signed into law. It removed hemp, defined as cannabis (*Cannabis sativa L.*) and derivatives of cannabis with extremely low concentrations of the psychoactive compound delta-9-tetrahydrocannabinol (THC) (no more than 0.3 percent THC on a dry weight basis), from the definition of cannabis within the Controlled Substances Act (CSA).

The 2018 U.S. Farm Bill removed massive barriers to entry into the legal cannabis industry from the moment it was enacted. In other words, more opportunities were created in cannabis, and that is a major stepping-stone for the cannabis space.

Given its young nature, the cannabis industry is in dire need of quite a number of skills, including administrative, chemistry, horticulture, legal, sales, marketing, management, programming, communications, and web and graphic design, as well as skills in many other fields that either touch the plant or support operations. This simply means that there is so much opportunity everywhere in the space. If you have any of these skills, then you are in the right place at the right time to take your third step. Yes, I said third!

Your first step was to create the thought in your head of your desire to become a cannabis entrepreneur. Your second step was taking action by acquiring this book and any other resources you've tapped into thus far. So you're already on your way! I'm sure the next steps may seem a bit overwhelming, as there are so many options and possibilities. My job with this book is to help you navigate the complex business environment in cannabis. *The Successful Canna-Preneur* is an interactive training program discussing effective business strategies aimed at new and established entrepreneurs who want to stake their claim and invest their time and energy in the multi-billion-dollar legal cannabis industry. No big deal!

As the world moves into mid-2020, cannabis is moving right along with it. The cannabis market is becoming more and more normalized in the global economy and American culture. To date, forty-seven states and the District of Columbia have legalized cannabis in one form or another, and six in ten Americans back cannabis legalization.

Despite still being a controlled substance under federal law, cannabis is quickly becoming one of the fastest-growing industries in the US. With that kind of growth, it's only logical that a huge need for cannabis investors, new entrepreneurs, and professionals would follow.

Many people of color and minorities across the country have been excluded from opportunities in the burgeoning industry due to a lack of access to capital and systematic economic racism.

A major part of my business, Synergy, and this book involves providing and cultivating economic opportunities for minorities who represent less than 1 percent of the compliant cannabis industry. With that being said, I wholeheartedly believe in promoting responsible business practices, cannabis wellness, and community cultural lifestyles that not only educate but create an environment for *all* participants to thrive.

In this book, you can expect to learn:

- The groundwork: developing a solid foundation
- Starting where you are
- The legal cannabis landscape overview
- Risk tolerance: choose your journey
- Getting down to biz: the canna-biz business plan
- Money matters: funding your canna-biz
- Shop talk: unique business matters in cannabis
- The vault: resources to help you take immediate action

Whether you are brand new to the industry, an investor, established and ready to grow, or simply canna-curious, I aim to provide you with valuable insight to help you better understand the current industry status. I will share with you my journey as a canna-preneur and how I've helped founders start and grow profitable businesses in the cannabis space. You will get to know my evolution from using cannabis as medicine to my humble beginnings working for someone else's legal cannabis start-up to starting my own ancillary cannabis businesses and investing in the regulated cannabis market in the US. Through my experience and the experience of my clients and business partners, you will get an overview of the lifestyle of a successful canna-preneur, including the challenges and opportunities, the myths and the facts, as well as all the untapped potential within cannabis awaiting new entrants into the space.

One thing other cannabis business-related books leave out is how important the cannabis culture is to the business of cannabis. For that reason, I've made it a point to make it possible for my reader to get in touch with the history and cultural aspects of cannabis and understand why these are relevant ingredients within the recipe for long-term success in the commercial cannabis space.

But this is not a one-sided relationship! What do you bring to the table? Don't worry if you don't know yet. In Chapter 6 I'll help you to assess your current capabilities, resources, and intentions to get a clear vision of your starting point in the cannabis space. From there, you will be presented with the available approaches to enter the cannabis space and, depending on how much risk you can stomach, you'll have a stronger foothold in deciding between licensing for: THC-related products (high risk), hemp and CBD (mild risk), and ancillary services, aka non-plant touching business models (lower risk).

Once you have created a solid foundation, identified a problem to solve and its corresponding solution, and assessed your risk tolerance, we will get down to business. I will walk you through creating a winning business plan. The program will provide you with a unique approach to understanding the dynamic cannabis space, its risks, and opportunities. This book is designed to help you to discover, establish, and leverage your unique positioning in cannabis in order to attain sustainable success by strategically identifying a problem to solve for the industry, and to provide you with resources to turn your idea into a profitable business!

Let's begin!

## THE GROUNDWORK – A SOLID FOUNDATION

It can be stated with much confidence that the cannabis space has been one of the most resilient industries of our time. Through it all – federal prohibition, the war on drugs, mass miseducation, unfriendly laws for legal operations, and most recently, the pandemic – the industry finds the way to thrive, as cannabis advocates, entrepreneurs, educators, and consumers remain relentlessly optimistic about the future. Could it be an effect of cannabis consumption? Absolutely! But we cannot deny that the steadfast passion to propagate the cultural agenda – that “the plant is good and beneficial” – has a lot more to do with it than we give it credit for.

The culture of cannabis involves a certain ethos that can be discerned from seed to experience. Such a distinction goes beyond lifestyle behaviors and consumption preferences. At its core, the fundamental notion of the culture remains the same throughout the test of time: cannabis is good, is useful, offers a plethora of benefits, and should be shared and enjoyed. Despite its modest foundation, the cannabis culture has deep roots and traditions. It is reflected in the way that its stakeholders share information and experiences, communicate ideas, implement creative business models, pay tribute to the arts, encourage diverse lifestyles, stay abreast of technology, seek justice, and foster science-based and experiential assertions. As cannabis moves closer to being removed from the DEA’s Schedule 1 list, the culture will continue to evolve and include more people and complex elements.

In order to build a solid foundation for your cannabis business, my first piece of advice for you is to familiarize yourself with the culture. It is not just about making money or getting high, it is about community. This

industry is different. Companies that put profits over community tend to fail or tank their growth. Either way, it is bad for business and it adds to the stigma. Know the culture and the history of prohibition. Know that even though cannabis is legal in more than half of the U.S. and people are capitalizing off of it, there are people in federal prison for possession and sales. With that being said, the responsibilities of being a canna-preneur are three-fold: advocacy, education, and profit. All of which are equally important and will play collective as well as individual roles within the journey of a successful canna-preneur.

As far as the market goes, global cannabis consumption rose by over 60 percent in the last decade alone. According to the [2018 National Survey on Drug Use and Health](#) , in 2018, over forty-million Americans reported using cannabis. Two-thirds of Americans favor cannabis legalization, reflecting a steady upturn in public support, based on the results of a [September 2019 Pew Research Center survey](#) .

Cannabis is a highly evolved plant that has proven to be resilient and adaptable, and despite a long global campaign against it, it grows both wild and cultivated in almost every country. The rich culture that serves as the backbone that holds the budding industry together has absorbed and vividly exhibits all of these qualities as it continues to evolve. Its diverse purpose, ancient origins, and tenacious history will continue to help it thrive through a dynamic business environment as well as pandemics and crises.

Cannabis has significant growth opportunities for investors who are able to navigate the dynamic environment notorious for its volatility. It is currently regulated state-by-state, region-by-region. As I stated in Chapter 2, the 2018 Farm Bill made hemp, a variety of the cannabis plant, federally legal. The Bill explicitly preserved the FDA's authority over hemp products. Therefore, hemp products must meet any applicable FDA requirements and standards, just like any other FDA-regulated product. For example, the FDA's existing authority over foods, dietary supplements, human and veterinary drugs, and cosmetics applies to hemp products to the extent such hemp products fall within those categories. These serve as measures to help ensure that Americans have access to safe and accurately labeled hemp products, and, in the case of drugs, that patients can depend on the effectiveness of these health-related products.

## BRIEF HISTORY OF CANNABIS IN THE U.S.

Believe it or not, up until the early 1900s cannabis was just another crop in America. It was regulated as a pharmaceutical or narcotic product. The narrative of it being a poison or a substance with a negative connotation began during the early 1900s with the influx of Mexican migrants into the western states in an effort to paint a negative picture of this group, who also happened to be vocal about their consumption of “marijuana,” as they referred to it following the Mexican revolution. To further solidify the vilification of Mexicans and blacks, the Marihuana Tax Act was passed in 1937, which made the transfer and possession of cannabis officially illegal. They did this by making it officially required to register as a cannabis holder, which given the racial relations of America at that point in time, targeted people of color. In 1969, this act was done with as it was determined that implementing it as a law meant the people were self-incriminating, which violated the Constitution. The response to this was the Controlled Substances Act, which placed cannabis on the Schedule 1 list right beside drugs such as methamphetamine, heroin, and PCP. The irony here is that cannabis meets none of three characteristics a substance has to satisfy in order to make it on this list:

1. Highly addictive (studies prove that cannabis is about as addictive as ibuprofen)
2. Dangerous, meaning overdosing would lead to death (studies indicate this is not the case with cannabis)
3. No medical use (the FDA has approved Marinol, a cannabis-based drug used by cancer patients to treat symptoms of chemotherapy such as loss of appetite and nausea, and Epidiolex (GWPharma), a CBD-based drug used to treat epilepsy in children)

## A CHANGE IN THE WINDS

In 1996, the State of California voted to legalize medical cannabis under Proposition 215. Proposition 215, also known as the California Compassionate Use Act, was enacted and took effect on November 6, 1996 as California Health & Safety Code 11362.5. The law made it legal at the

state level for patients and their designated primary caregivers to possess and cultivate cannabis for medical use given the recommendation or approval of a California-licensed physician.

SB420, a legislative statute, went into effect on January 1, 2004 as California H&SC 11362.7-.83. This particular law broadened Prop. 215 to include transportation and other offenses in certain settings; allowed patients to form medical cultivation “collectives” or “cooperatives”; and instituted a voluntary state identification card system run through California’s county health departments.

In 2013, the Obama administration passed what is known as the Cole Memo, which granted the responsibilities of prosecuting cannabis-related cases at the state level and left it up to each state to decide regulatory matters and legalization.

Since then, thirty-three states have a medical cannabis program, and eleven are fully legal including both medical and adult-use (aka recreational). The pandemic era is characterized by cannabis being considered an essential business in the states in which it is legal, just like food, water, and all other medicine.

2020 is the year that changed the way people socialize. This is also the year that cannabis legalization swept the ballots. With forty-seven states having legalized cannabis in some form, in relation to the pandemic, we saw a historic shift in cannabis support for the better.

## THE GREEN RUSH

Some of you may have heard about the green rush. That actually took place in 2017 in anticipation of California, the largest cannabis market at a global scale owning 60 percent of the cannabis market, becoming a fully legal state. The time between 2017 and 2018 was characterized by the stacking of assets, buying properties, and accumulating licenses. A lot of companies went public on the Canadian exchanges.

By the end of 2017, with Duane’s company, we had already obtained four licenses and achieved its goal of becoming vertically integrated with an operational cultivation facility, an operational retail facility, and a manufacturing license in need of build out. In an effort to raise more capital we entertained a reverse merger. A reverse merger is when a private company becomes a public company by purchasing control of the public

company. In the process of doing so, I researched all our competitors in the public sector (Medmen, Aurora, Canopy, GWPharma, and a few others). In reviewing their public books, I realized their valuations were based mostly on potential, not actuality. You see, there is a difference between (a) a facility that can potentially produce, (b) a facility that's in production, and (c) a facility that is operational, but is in the negative because of a rushed/one-sided real estate deal whose only positive was the hollow marketing hype it set off upon being signed. All three states happened a lot in "Big Cannabis" during the green rush time period. In essence, public and private cannabis companies stacked assets and based valuations on potential that was not achieved. By 2019, the market naturally made the necessary corrections and down came the weak pillars propping up a whole lot of empty puffs and adding to the negative stigma by putting the legitimacy of cannabis as an industry in question.

For that reason, it is very important to me to let you know that if you're in this solely for the money with no interest in building a business that will be a building block for a sustainable cannabis ecosystem that adds value to the trifecta – consumer-business-community – this program is not for you. But if you are, my promise to you is insight. I said this before, you don't have to reinvent the wheel, but staying informed, developing good ethical and productive habits, and gaining valuable experience are all key and today is the day to start.

## THE OPPORTUNITY

By 2024, the global cannabis market is set to be worth \$42 billion. The legal cannabis market grew by 46% in 2019 despite challenges caused by overregulation and overtaxing in the two biggest markets; California and Canada. I say that to say this: the pie is huge and, as it stands right now, no one organization has cornered the market, which means anyone with a great idea to solve a problem in the industry, a solid plan, and follow-through has a high possibility of being successful.

New Frontier Data, a global big data and intelligence firm in the cannabis space, revealed the full scale of global cannabis demand in its latest report on the global cannabis market. Specifically, their reports conveyed that more than 260 million adults worldwide consume cannabis at least once per year, collectively spending \$344 billion USD annually. Other

factors revealed by their report include that the size of the cannabis market varies widely by region as socio-economic and cultural norms directly impact cannabis use, and each region's market is heavily dependent on population, demographics, rates of usage, and average cannabis prices paid in the countries within each region. Leading the world in normalization and cannabis consumption, North America has progressed furthest in legalizing cannabis: With 25 percent of global demand despite having 5 percent of the world's population, the legal industry is quickly beginning to capture the very substantial existing market. In the US, 69 percent of the country believes cannabis has medical uses. Approximately 20 percent of the U.S. population consumes cannabis.

## TRUTH OR TALE

My business, Synergy, started as an idea while I was on vacation in Hawaii, one of my favorite places in the world. I remember being at the beach, relaxing on a floatie, puffing on a cannabis vape when the idea came to my head. During the five-hour flight from San Diego to Hawaii, I had listened to the audiobook *Follow Your Passion, Find Your Power* by Bob Doyle. Listening to that book made me feel really empowered. I had already worked in the industry for a few years and felt like I could do more, not just for the cannabis industry, but for myself. I knew I wanted to do something more creative than what I was doing, and I was passionate about creating content for social media. When the idea popped in my head it was so clear and so loud, I left the water and ran to the sand to go write it down. I sat there, basking in the island sun, getting my idea onto paper. I didn't hold back, I just wrote. When I was done, I had written an outline that was about four pages long and even included people (some I didn't even know personally!) I wanted to work with on the endeavor. Why I had a notepad at the beach you may ask? To this date, I'm not sure how that happened. But it did. I went back in the water and had to come back out because the ideas kept flowing and something was telling me to write everything down. Later that afternoon, right before bed, I typed the idea in my computer and felt this feeling of possibilities once I typed out the purpose (which has evolved since then, but at that time it was plain and simple: to create high-quality inclusive content for the cannabis space). Since I was passionate about creating content, taking photos and videos, and growing social accounts, I

thought, *With these ideas, I can now take it to another level* . And on that day, once again, the literal synergy started to unravel and I zeroed in on the paths that would lead to Synergy’s launch. Five months after Hawaii, the first episode of the *Cannabis Synergy Live Show* took place.

“Truth or Tale” is a segment on the show that we use to educate people about what’s a myth and what are facts about the cannabis plant. I thought it would be appropriate to include a section in this book for you to use as a resource for self-development and efficient advocacy.

### ***Tale: Marijuana Use Causes Cancer***

*Truth:* Cannabis smoke, like tobacco smoke, contains carcinogens. But even heavy cannabis smokers have a tendency to consume less cannabis than tobacco smokers do cigarettes – thereby, not enough to cause cancer. UCLA conducted a study in 2016 which concluded that even hardcore cannabis use does not lead to lung cancer. “We hypothesized that there would be a positive association between [cannabis] use and lung cancer, and that the association would be more positive with heavier use,” said the study’s lead author. He added that what they found instead was no association at all; instead, there’s actually a suggestion of some protective effect. This and other studies suggest that cannabis can actually inhibit the growth of cancerous cells. It’s also worth remembering that cannabis does not have to be smoked. It can be consumed in other ways (eating it, drinking it, transdermal delivery, or sublingual delivery, to mention a few).

Source: [Marijuana Legalization: What Everyone Needs to Know, Washington Post](#)

### ***Tale: Marijuana Use Leads to Dependence or Addiction***

*Truth:* It is possible to become dependent on cannabis, but statistics prove that this is not a prevalent trend as it only happens in a minority of the already relatively small category of heavy cannabis consumers. Research suggests that less than 10 percent of cannabis consumers became clinically dependent at some point, compared to over 15 percent of cocaine users and almost 25 percent of heroin users.

Source : [National Institutes of Health](#)

## ***Tale: Cannabis Is a 'Gateway' Drug***

*Truth:* Underage cannabis consumers are statistically more likely to transition into using other drugs. That is not a side effect of cannabis, that is a tendency within that age group. In other words, if a twenty-seven-year-old consumed the same cannabis, the possibility of that person using other drugs reduces significantly, not because of cannabis, but because of that age group's tendencies (life experiences). But that doesn't mean cannabis use directly *causes* the use of other drugs. The same factors driving cannabis use are likely to be the same factors that explain the use of other drugs, including the pharmaceutical kinds. The Institute of Medicine reported that they "have not found conclusive evidence that the effects of cannabis are causally linked to the subsequent abuse of other illicit drugs."

*Sources:* [Institute of Medicine](#), [Time](#), [Marijuana Legalization: What Everyone Needs to Know](#)

By now, you should have a solid view of the cannabis market and the opportunities it sets forth. Now that you are motivated and excited at the notion that this is a viable product and that there is a market for it, let's get a little personal.

## THE OPPORTUNITY: A NOVEL INDUSTRY

Cannabis regulation should be just like that of any other fruit or flower-bearing plant. But unfortunately, it is not treated as such. It's a plant, can be grown anywhere, and it's pretty safe. It's impossible to fatally overdose on it. It's good and beneficial. Nothing new there. So why not treat it as a crop and give it the respect it deserves in the medical field and the sustainability space?

To be in the cannabis space, you have to know the market. The best you can do is arm yourself with information, watching for trends and understanding corrections, overcorrections, and their respective implications. Some of you may think it's boring to read about all these things, but most people aren't doing it, and no matter how many people consume cannabis, not having at least a basic idea of the market's needs or the regulations that govern your operations will set you up for failure. That goes for any industry, not just cannabis. My day starts with reading at least three cannabis industry-related articles each morning. If you really care about the long term, a solid foundation is key. And building it takes preparation. This chapter will give you an overview of the industry, but ultimately it is up to you to see what speaks to you and dig deeper.

## REGULATED MARKET VS. TRADITIONAL MARKET

Evidence shows that the cannabis traditional market (better known as the black market) has persisted in states that have legalized cannabis. From California, where the traditional market corners 70 percent of the entire

market and regulation is costly and restrictive, to Oregon, where the laws are rather relaxed and the value of cannabis was driven to the ground, there is a spectrum to the legalities and their respective market reactions. Legalization has yet to disrupt the traditional black market and, while a sizable black market is inevitable, given that cannabis can be grown pretty much anywhere, regulation can still cripple it by implementing business-friendly regulations on the regulated market and streamlining the authority of municipalities on said legal businesses. How did we end up in this predicament? The overregulated market (e.g., California) relied on the following naive assumptions: that cannabis consumers would naturally choose to spend their dollars at regulated shops, and that entrepreneurs would rush into the cannabis market and overpower “illegal” competitors. Neither of these assumptions manifested.

A vast majority of people who purchased from traditional dealers or friends still do! Some people had engaged in growing and selling cannabis for decades before legalization in their states (whether legally, under the more relaxed medical cannabis regulations, which were trumped by new fully legal laws, or legally under personal growing laws). Lawmakers and even some legalization advocates did not anticipate the “trust and brand loyalty” between consumers and their traditional suppliers to be so hardcore in the space.

Moreover, legal cannabis tends to be more expensive than “illegal” cannabis. [Pricenomics.com](https://www.pricenomics.com), a popular content marketing site, states that consumers in most states can expect black market cannabis to cost at least 10 percent less than regulated cannabis. Therefore, it is only natural for a consumer who has access to go where the price matches the wallet. And even though this is an issue, the assumption that regulated shops would pop up everywhere in legal states and put the black market out of business is more liable than anything for adding fuel to the already-thriving black market fire. The shortsightedness of this presumption lies in that it misinterpreted states to be self-contained cannabis markets.

The fact of the matter is that a uniform national compliance directive may be the only solution to this problem. At this very moment, most states outlaw recreational or adult-use cannabis, which directly impacts the traditional market’s high demand, and excessive taxation and over-regulation pushes growers to earn untaxed money through illegal exportation. While increasing enforcement could also stifle the still thriving

black market, it would defy much of the logic behind legalization, which sought to end Drug War-era strategies that were both ineffective and harmful to Black and Latinx communities. With a Republican majority in the Senate and no consensus in the Democratic House on cannabis, national legalization is a distant goal. Thus, a black market borne out of the cross-state exportation is inevitable.

Let's keep it real: the reason why states are interested in regulating cannabis is only for financial benefits. Cannabis is grown, sold, and consumed in all countries regardless of the law. I regret voting for Proposition 64, the law that approved legalization and the official sales for recreational cannabis in California. It's abusive and it sets legal cannabis businesses up for failure. Dealing with cannabis, you will experience abuse in the sense that people will try to make you pay premium for real estate, for security services, for accounting services, for legal services, even for electrical work! The moment you mention cannabis, whether legal or illegal, they assume your business is overflowing with cash. I get it, *a lot* of people consume cannabis, but cannabis is not an expensive commodity. Cannabis is medicine, cannabis is a supplement many of us use to feel better and to put food on the table. But I digress....

On one end, you have California, with a complex license process and over-regulating laws through giving municipalities complete control of the process, as in order to qualify to get a state license, first you must receive a license from the city (or county) in which you look to operate. This is problematic because California has a shit-ton of local jurisdictions: containing 58 counties and 482 incorporated cities *and* giving each municipality the power to create their own unique set of requirements creates a huge number of separate unique ordinances, making it impossible to set a standard and even harder to manage. And although CA is the biggest cannabis market in the world, to date only about 20 percent of California's cities have implemented ordinances to regulate cannabis. This has created vast "cannabis deserts" where the black market becomes the only option by default. On the other end of the spectrum, there's Oregon, whose government rolled out super modest regulations to ease access to the regulated market. Their intentions were good, but they backfired. The state's cannabis laws, for example, "do not mandate" the installation of complex security and surveillance systems (California definitely does, and as I mentioned earlier, there's a premium price to be paid for that). In

addition, unlike other states that have legalized adult-use cannabis, including California, Washington, and Colorado, Oregon did not implement tight restrictions on the number of cannabis licenses. Thus, Oregon's legal AND black-market prices are weak causing the supply became higher than the demand.

Essentially there's a sweet spot we have yet to reach with respect to cannabis regulation in the US: over-regulate, and not enough legal operators and entrepreneurs will enter the market. Under-regulate, and prices will plummet so low that both the legal and the illegal markets will dilute.

All this stuff may go down like a downer-ade, but were you able to identify the opportunity? I'm sure you did, but just in case you didn't, the opportunity here is for legalization advocates to use these different spectrum cases to draft specific actionable proposals for their respective jurisdictions that fall within the happy medium. I encourage you to talk to your city's leadership! What's the worst that could happen?

## MEDICAL CANNABIS VS. RECREATIONAL

In 2017, I helped manage the Community Alliance Program (CAP), a San Diego based group created to establish and leverage a nationwide alliance of contributing members from the Medical Cannabis industry and their respective communities. CAP has a signature event called Cannabis 4 the Cause, which provides a platform for the community and experts to come together to discuss the potential of cannabis as medical therapy (cancer, addiction, PTSD, CTE). During our meetings we would discuss the event and our views about cannabis to determine the message we wanted to share with the city of San Diego. I remember vividly when retired NFL player and cannabis advocate Kyle Turley expressed his views about medical versus recreational during one of our meetings a few years ago. He stated that recreational cannabis is medical cannabis because the purpose of consumption is to feel better. And I agree wholeheartedly because the only difference is the 'intention' of the grower or a sign on the product's packaging. The plant is the same. But most importantly, he meant it in the sense that people use cannabis to get to a better state (mentally, physically, or emotionally), which essentially is the basic reason why people take medicine.

In 1996, California followed its maverick tendencies and became the first state to implement a medical cannabis program – by direct vote of the citizens – for the cultivation, possession, and use of cannabis for medicinal reasons. The California Compassionate Use Act, or Proposition 215, made it legal for medical cannabis patients and their primary caregivers to possess and grow cannabis for their personal use at the advice of a physician licensed to practice in California. Under Prop. 215, patients and their primary caregivers can grow less than 100 plants together in non-profit collective models. The purposes of the Act included, in part:

“(A) To ensure that seriously-ill Californians have the right to obtain and use marijuana for medical purposes where the medical use is deemed appropriate and has been recommended by a physician who has determined that the person’s health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief; and

(B) To ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.”

For twenty years, cannabis operators were governed by Prop. 215 and, given the relaxed nature of the regulation, a lot of good things took place for the benefit of the patient, horticulture techniques, and product varieties. On the other hand, there was a lot of gangster stuff going on as well (for a quick overview of this stuff, check out a documentary on Netflix called *Murder Mountain* ). Regardless, the war on drugs was still in full effect, people of color going to jail while others were getting cash rich. Dispensary owners were being harassed by the police, or robbed by thieves. This industry has been a tough cookie from the beginning.

Voters approved Proposition 64 on November 8, 2016, legalizing the recreational use of cannabis. Adults over the age of twenty-one became able to purchase recreational cannabis with proper ID. Whether a state resident or out-of-state visitor, the state law allows for the purchase of recreational cannabis at any local licensed recreational dispensary. Prop. 64 is now law in California, making it join states like Washington, Oregon, and Colorado, who have decriminalized and legalized the use of recreational cannabis. In CA, Prop. 215 was trumped by Prop. 64, which still regulates medical

cannabis in a similar manner as recreational cannabis but for smaller application fees and taxes.

## AMERICA'S THC AND CBD MARKETS

### *State-by-State Legalization*

The cannabis market in the United States is a convoluted system where legality is governed on an individual state-by-state, county-by-county, and even city-by-city basis. It is important to reiterate that under federal law, THC flowering cannabis remains a Schedule 1 controlled substance, meaning that it is entirely illegal at the federal level. As it currently stands, regulated cannabis markets can operate at the state level without federal interference, but interstate trade is still strictly prohibited at both federal and state levels.

### *Three Main Categories of Cannabis Legality in the U.S.*

In fully legalized states, adults over the age of twenty-one can legally purchase cannabis products at licensed dispensaries for recreational use. In medical states, adults over twenty-one with a doctor's prescription can legally purchase cannabis products at a dispensary. In decriminalized states (and cities within states), the possession of small amounts of cannabis has been removed as a criminal offense, but the possession of large quantities, the sale, and the cultivation of cannabis are still fully illegal.

*Full Legalization* . As of January 2020, there are eleven states that have approved full cannabis legalization to enable recreational sales at licensed dispensaries, including: Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, and Washington. In addition to the previously listed states, the District of Columbia, the Northern Mariana Islands, and Guam have also fully legalized the sale of recreational cannabis.

*Medical Legalization*. In addition to the eleven fully legalized states, thirty-three states have also approved medical legalization, enabling the sale of cannabis to adults with an appropriate doctor's prescription.

*Decriminalization.* A total of fifteen states have also decriminalized the possession of small quantities of marijuana, including some states that have also approved medical legalization.

## THE CANNABIS CONSUMER

The U.S. population continues to grow fond of cannabis as their approval for the plant has grown exponentially over the past few years. With its dynamic legalization positions in many states, more and more people are seeking to try out the benefits of cannabis.

The average consumer spending on cannabis has been increasing steadily. Data shows Baby Boomers and Gen X spend the most on a monthly basis, and guess what? They are also purchasing the most cannabis out of all the generations by far.

Baby Boomers and Gen X favor cannabis for its medicinal properties. Their usage is for specific purposes including to help with sleep, to replace tobacco consumption, and to reduce anxiety.

In 2017, a [Gallup](#) survey indicated that 45 percent of U.S. residents have consumed cannabis at least once, while 12 percent are consistent consumers. To date, forty-seven states have already implemented a cannabis program (adult-use, medical, CBD only, or decriminalization), eleven of which fully legalized cannabis use.

Needless to say, the numbers have grown these days. But how much does the average American spend on each trip to the dispensary? How about annually?

[Weekend Gardener](#) surveyed to see exactly how much money Americans spend on cannabis.

The following are some of the uncovered facts about U.S. cannabis consumers and their spending habits.

79 percent of U.S. cannabis consumers would buy cannabis just to have fun, compared to 74.1 percent who would use it for experimental purposes. On the medical side, 69.7 percent would use cannabis to relax or just to feel more confident with themselves, while 58.9 percent would use it so they could have better sleep.

In 2020, it was found that the average amount each U.S. cannabis consumer spends on cannabis products ranges between \$500 to \$2,500 annually.

On a similar note, it was also found that up to \$5.8 billion U.S. dollars were spent on cannabis products monthly, or equal to \$1.45 billion U.S. dollars weekly (~\$194 million daily).

Revenue of the U.S. legal medical and recreational cannabis is poised to grow greatly, from \$13.6 billion U.S. dollars in 2019 to an estimate of \$42.7 billion U.S. dollars by 2025.

This increase in consumption also means some products are gaining more popularity than others. For example, flower cannabis products in 2017 gained a Compound Annual Growth Rate (CAGR) of 50 percent but were estimated to go down to only 36 percent in 2022. In a similar case, concentrates had a CAGR of 23 percent in 2017, but the category is estimated to increase by 13 percent in 2022.

You should have at least a basic understanding of the market at this point. This is probably the most boring chapter as far as content, but it is so important to understand it. Having such knowledge will help you to understand the industry's dynamic environment. I recommend reading about trends and current events in cannabis. Try to think outside of the box, don't just consume the information. Train your brain to identify trends based on changes or situations that are happening in your area, your state, nationwide, or globally. This hack will help you to make more calculated business moves in any industry.

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## FIRST THINGS FIRST – INVENTORY

What do you bring to the table?

In my case, I brought discipline, a business-hungry brain, and eagerness to learn. I gave (my time and focus) instead of demanding (paychecks or handouts because of my background, education, or military service). If you haven't read *Think and Grow Rich*, I recommend you do that. One of the main things that stuck out for me in that book was the fact that we have to give something in return for what we truly want. That for me was my time, energy, and focus. I studied the industry and even the science in my free time. I dug up information at every level – state, county, city – in order to familiarize myself with trends, people, places, and things.

My goal became to combine my business acumen and creative thinking and find what part of the industry I fit into, where I could help, and where I could get the most knowledge.

My corporate insurance background was short but made me very good at attention to detail in the admin world, so naturally I gravitated toward admin stuff. I must admit that it wasn't because I liked to do it. I actually hated it, *but* there was something about the licensing process that gave me a gut feeling. I think it was my curiosity to understand what it meant to be a legal cannabis business. If I'm being honest, it took asking a lot of questions and walking through the process in my head and *reading* the regulatory language to develop a clear understanding of what was legal and what was not.

Okay, enough preaching. Let's have some fun.

These are three things you can do to set yourself up for success as you break into the cannabis industry. The only requirement for this exercise is

for you not to think about the money, just focus on creating.

### *1. Inventory yourself*

What do you bring to the table?

What value and assets you can provide to the industry?

What are you passionate about and how can you apply that within the industry? Get creative and think outside of the box for this one because your passion may be the key to identifying your niche. Let the ideas flow *but* focus on solving a problem.

How can you service an already-established cannabis businesses?

Being honest about what you don't know is crucial. Take that as an opportunity to identify your strengths and weaknesses in order to make adjustments to start learning new things or brushing up on prior knowledge.

### *2. Arm yourself with the #1 weapon of mass creation: Knowledge!*

Learn, learn, learn. Did I say learn? How do you do that? By reading, searching for, and finding information, watching documentaries, doing research, reading articles, listening to podcasts, learning about the history of prohibition, learning about the plant's medicinal benefits and the endocannabinoid system, and paying attention to your local politics, policies, and state laws about cannabis in your area.

If you have identified a specific sector of the cannabis industry you want to pursue, then focus your time and effort on that particular space. But keep in mind that being well-rounded is always a plus.

Now that you know your worth, you're knowledgeable about cannabis, the industry, the culture, the importance of its value to health and wellness, and basic legal aspects in your state, you are more than ready for the best part:

### *3. Network and search for opportunities (or create them)*

Networking is essential. As a newbie, it behooves you to get to know people who are already doing what you want to do, or have done it, or have access to resources that can help you move to the next level. In addition,

networking will allow you to identify opportunities that are immediately available for you to plug and play or to determine which opportunities your area lacks that you can now create.

Go to MeetUps and any cannabis industry event in your area, and look into joining or volunteering for cannabis industry professional organizations.

Hint: If cannabis is legal (medically, adult-use, or both) and there are no MeetUp groups or industry professional organizations in your area, then, *\*drumroll\* that's your opportunity!* Create a cannabis industry group in MeetUp.com for people who are interested in networking/learning/working generally and work your angle from there. If you are too shy to create an event or group from scratch, then travel to conferences and workshops, and sign up for webinars and digital networking events.

Although evidence shows that cannabis has been around longer than anyone who's alive today, the truth is that the twenty-first century's regulated cannabis industry is very green (pun intended). The relatively short-lived nature of this emerging market is characterized by an abundance of opportunities and that, my friends, is very good news.

Because the regulated industry is so new, there is a need for many areas to be served or created in the cannabis market, and because things change so much it causes a lot of people to give up. Trust me, having grit to push forward goes a long way in this industry.

## BACK TO BUSINESS

Most only associate the cannabis space with these two types of operations: growers/cultivators, who do the farming of the plant, and dispensaries, which focus on the selling of cannabis and derived products. Give the industry more credit! It may still be in its infancy, but regulation, technology, and creatives have definitely caused major strides in the space. These are far from the only kind of businesses operating in the cannabis industry.

To mention a few, there are chocolatiers, accountants, matchmakers, delivery drivers, waste processors, yoga teachers, chefs, caregivers, nurses, lobbyists, publicists, customer service reps; there are laboratories focused on product testing, value-added manufacturers creating products like edibles and concentrates, tech businesses that focus on big data or logistics,

and a plethora of professionals from attorneys to marketers. All these different fields are capitalizing on the cannabis market.

The industry can potentially be broken down into two scopes: “plant-touching” and “ancillary.” Plant-touching businesses do just that: they manage the cannabis plant itself, through horticulture, distributing, processing, manufacturing, transporting, testing, retail, etc. These tend to be the businesses most people think of when they envision the cannabis industry. Plant-touching businesses are generally subject to the strictest regulations facing the industry, and many must navigate complicated licensing processes before they can get started. These particular areas can be categorized as the riskiest and the most expensive, yet if they work, these types of businesses can provide high rewards because the demand for cannabis is the one thing in this space that is always in the green.

Ancillary businesses are the supporting cast. These are all the companies in the space necessary to support the industry’s infrastructure, the actual growth, processing, and sale of cannabis and cannabis derived products. These include data platforms, tech organizations, security services, point-of-sale systems, payment processors, digital marketers, insurance brokers, event organizers, attorneys, equipment suppliers, accountants, and more. These are the same kinds of businesses needed to support commerce processes and track transactions in any other industry. While ancillary businesses are also subject to strict regulations, they tend to avoid the most stringent and costly policies, such as the cannabis licensing application processes managed at the city, county, and state levels.

Note: It is very important for an ancillary business to implement a process of vetting the cannabis businesses they support in order to avoid breaking the law and other liabilities that come with doing business with a cannabis business that operates outside of the regulated market. For that reason, all ancillary business should have an internal vetting process to confirm compliance prior to engaging in business.

## WOULD YOU LIKE TO OPERATE A PLANT-TOUCHING OR ANCILLARY COMPANY?

It’s no small consideration, so feel free to take your time deciding. Because, to be realistic, you might want to operate a dispensary, but understanding the regulations, capital requirements, and licensing process is critical and

it's not an easy process to maneuver. Not to mention, it's expensive! If you're serious about running a plant-touching business, you must be realistic about all that it entails.

I will dedicate an entire chapter to discussing licensing of plant-touching businesses. But for now, here are cannabis business models that have worked for others who found a problem in the industry they wanted to solve, followed their passion, sprinkled a little cannabis in it, and claimed their stake in the budding industry.

## CANNABIZ IDEAS

### ***Making and Baking Cannabis Edibles***

The selling of foods infused with THC is still considered criminal activity when carried out without a license, but you can sell edibles infused with CBD, which is legal under federal law and there is a huge market for it. You can create a unique approach to your brand and reflect pride in your craft and take your business to a higher level. If you're into baking and cooking, this could be the cannabis-related business for you. Here is an example of a cannabis-related business you can gain insights from:

- Business Name: Sugar and Kush
- Website: <https://www.sugarandkush.com>
- Established: 2019

### *About the Business*

Sugar and Kush is a CBD-infused edibles and baked goods brand. They have solidified their position as a leader in taste, precise dosing, and sustainable sourcing of ingredients. The brand is known for product safety, freshness, ingredient quality, consistent dosing, and beautiful packaging.

### *Innovative Business Offering*

Sugar and Kush has incorporated a competitive edge by creating personalized experiences that focus on healing, education, and super stylish branding. The company's manufacturing business model and distribution process is strategically in place to increase their profits and their customer reach. Their competitive edge centers around pushing the envelope by introducing new infusions and focusing on food safety and dose consistency.

### *Strategy*

Sourcing high-quality CBD is key here in order for this business model to work. CBD is not regulated in the manufacturing realm, so it is important to request lab tests from the manufacturer in order to mitigate risks. CBD testing should at least include product potency evaluation and contaminants testing. Streams of income can be generated from the sales of products, digital assets such as CBD education, and branded merchandise.

### *Canna-florist*

If your expertise is flowers and plants, incorporating cannabis flower into your craft is an excellent small business opportunity. Traditional florists and people with a creative eye for arranging stunning bouquets have started to add cannabis to their creations. A cannabis floral display is a perfect gift for a cannabis enthusiast and can be a wonderful addition to events and other celebrations.

- Business Name: Flowers on Flowerz
- Website: <https://instagram.com/floweronflowerz>
- Established: 2018

### *About the Business*

Flowers on Flowerz started through experimentation. The owner of the business added cannabis flower to a flower installation she was designing as a playful joke. The joke turned into a business when she was applauded for her groundbreaking vision. Currently Flowers on Flowerz travels from

coast to coast helping to design the sets of your favorite cannabis events and in-studio shows, including the sets of my productions with Cannabis Synergy.

### *Innovative Business Offering*

The offering is simple: add cannabis as an option in your flower selections. People are paying top-dollar for beautiful cannabis displays and installations for weddings, themed holiday parties, retreats, and set designs.

### *Strategy*

Plant sourcing will be your biggest challenge, as you will need to have varieties available in order to have the most creative freedom. In states where adult-use is still illegal, my recommendation is to use hemp plants. Growing your own or developing relationships and business partnerships with cultivators you can rely on is the key to success for this particular business.

### *Social Media Marketing*

Social media is a big part of modern business; cannabis is no exception. In fact, many cannabis companies rely on social media content creation to propagate their message and reach out to consumers. If social media is your forte, offer your services to help promote local cannabis businesses.

- Business Name: Synergy Studios
- Website: <https://synergystudios.tv>
- Established Date: 2016

### *About the Business*

This one is personal to me – because it's my business! I started managing and growing social media accounts (Instagram and Facebook) before I got into the cannabis industry. I helped my family's business (in the

food industry) to grow a social following and became good at it. I started Synergy Studios by offering Duane's company (the company I started with) to grow their digital footprint by creating social accounts, posting original content, and interacting with followers to maximize retention. To date, we've evolved into a media production business that creates high-quality multi-media content for the cannabis space. We accomplished this by creating partnerships with marketing companies in order to expand our services and, in turn, our portfolio.

### *Innovative Business Offering*

The offering of a social media manager is to provide consistent strategy for growth and engagement, converting followers to new customers and brand advocates, or increasing website traffic.

### *Strategy*

Reach out to small business owners who produce or sell cannabis-based products and let them know how your business can solve their content creation problems and manage their social profiles to bring in new customers. You don't have to wait to get a cannabis business as a client in order to get this business model started. I recommend starting a cannabis social account, creating content, growing the account, getting familiar with the cannabis social interactions and developing ways to track them and address them. Adding content creation to your management strategy can justify charging a price that's worth your time and, for them, worth the investment. That's what I did! Your biggest challenge will be patience because growth takes time.

### *Cannabis Clothing*

For most cannabis consumers, cannabis is a lifestyle (even in places where it is illegal). In this stage and age, drop shipping services have made it so you don't have to make a hefty upfront investment *or* need storage for inventory.

- Business Name: The TeePot Store
- Website: <https://theteeapotstore.com>
- Established Date: 2019

### *About the Business*

While working in the cannabis space, I could not help but notice that a lot of people wear cannabis and counterculture items, from socks, hats, and tees to pins, buttons, stickers, and all types of accessories. With the drop shipping trend opening up for branded items, I decided to test the waters with a cannabis brand – Boycott Shitty Weed – which is sold through my own website [theteeapotstore.com](https://theteeapotstore.com). The brand's culture places emphasis on the importance of quality cannabis in consumption, being comfortable in your own skin, and making a bold statement with your apparel.

### *Innovative Business Offering*

Provide the market with high-quality cannabis-themed pieces and they'll patronize your business for a long time to come and, of course, tell all their friends that you are around. Cannabis consumers love to express their love for the plant and the culture through clothing and accessories.

### *Strategy*

Decide on your approach: drop shipping (no inventory, low upfront investment) or custom designs sold online and in person (inventory management and storage, managing printing, and shipping for online sales). Design your graphics and have fun creating tees, jackets, pins, accessories, socks, and other items to accommodate the needs of your niche and make great money in the process.

Are you finding it too hard to start a business from scratch? No worries, I got something for you, too. Here's an example.

### *Delivery Application*

You may have heard of EAZE, a cannabis tech company founded by entrepreneur Keith McCarty out of his San Francisco, California apartment. The problem he was looking to solve with the EAZE platform was simple: to connect dispensaries to consumers digitally. Within three years, and after several rounds of venture capital funding, the company experienced huge growth. Originally, EAZE was designed to connect medical cannabis patients with products from local dispensaries in an Uber-esque manner. However, with high market growth and an ever-changing regulatory landscape, the young company has faced many challenges related to compliance, service, and scaling to other legal states. This paragraph is your sign. There's an opportunity there in the tech space for those who are passionate about the space. You can either come up with your own technology to compete with EAZE, or you can come up with a solution to support/partner with EAZE to help them succeed.

Note: This is a process I call gold-mining. I read articles about companies experiencing a challenge and, in my mind, I try to come up with potential solutions, even if it sounds crazy. Yes, I do that for fun (another thing I inherited from my parents).

As you know by now, cannabis sells itself. People love to sit back, relax, smoke a joint or a bowl, and just feel positive. That's what cannabis does for a majority of consumers. It is a relaxing tool and there is plenty of evidence that supports that it also serves as a phenomenal therapy that helps people cope with various types of health conditions. And that right there is why it's good for business: because you can help people and make a living. But you must find the right opportunity that suits your needs. The above businesses are just a few canna-business ideas to enter the industry, though there is an endless list of additional opportunities.

The opportunities are there, but as canna-preneurs we need to have the grit and determination to try new approaches and test those ideas again and again to see what works. This goes for everything from your marketing to your product lines, growing techniques, distribution models, financing, and every other facet of the cannabis pipeline. You may have heard of the 10,000 hours rule popularized by author Malcom Gladwell. He proposed that anyone can become a master of anything if they practice for 10,000 hours. But there's another thesis that might be even more powerful, the 10,000-experiment rule, identified by Empact founder Michael Simmons. He proposes to follow the lead of giants like Facebook, Netflix, Amazon,

and even Leonardo da Vinci. The rule simply states, “Deliberate experimentation is more important than deliberate practice in a rapidly changing world.”

I’m going to step outside of cannabis to provide a more in-depth context on how these rules apply:

It is documented that Thomas Edison tested over nine-hundred ways to make a light bulb function before he made his historical discovery. It was his relentless nature that finally brought him success. The more experiments you do, the more the odds fall in your favor. According to one of Leonardo da Vinci’s biographers, Walter Isaacson, da Vinci would create a “to-test” list rather than a “to-do” list. Isaacson states, “Every morning his life hack was: make a list of what he wants to know. Why do people yawn? What does the tongue of a woodpecker look like?” Da Vinci’s love for experimenting proved to be a cornerstone of his legendary success in art, science, human anatomy, and engineering. Facebook founder Mark Zuckerberg stated in an interview, “One of the things I’m most proud of and that is really the key to our success is [our] testing framework . . . At any given point in time, there isn’t just one version of Facebook running. There are probably 10,000.” Don’t be afraid to experiment with your business models and your marketing approach and see what works and what doesn’t.

Things to consider from here onward:

- The amount of the investment. Don’t limit yourself! This number could be less than \$100 (see the drop shipping example).
- Your interest in the opportunity. This is key and you have to be honest with yourself so you don’t create a dreaded job for yourself instead of a business with purpose.
- The ease of opening the business. List your resources and determine your risk tolerance (how much risk won’t give you ulcers?).

Are you ready to take your share of the legal cannabis market and become a successful canna-preneur?

Okay, go take a puff (or not), and on to the next chapter.

## RISK TOLERANCE – CHOOSE YOUR JOURNEY

State laws determine who may operate a plant-touching cannabis business and under what conditions they may do so. You should know by now that at the federal level, the commerce of cannabis (non-hemp) in the U.S. is still considered a federal crime, and you run the risk of being prosecuted under federal law despite your state law. Regardless, those starting a cannabis business can circumvent most serious pitfalls by adhering to state and local regulations.

### THC MARKET (HIGH RISK)

The THC, tetrahydrocannabinol, was “revealed” in 1964 by Dr. Raphael Mechoulam, an Israeli scientist. He accomplished this by isolating it in a lab at Hebrew University. In 1992, he isolated anandamide, which is what accelerated the discovery of the endocannabinoid system, “a biological system composed of endocannabinoids, which are endogenous lipid-based retrograde neurotransmitters that bind to cannabinoid receptors, and cannabinoid receptor proteins that are expressed throughout the vertebrate central nervous system and peripheral nervous system.” The discovery of anandamide established that our brains produce cannabinoids of their own, which then bind with cannabinoid receptors throughout the body. These cannabinoid receptors help control motor coordination, memory processing, nervous system regulation, pain, appetite control, and more. Can you believe that that was a mere fifty-six years ago? Thereafter, researchers and scientists began analyzing cannabis differently and began to isolate other

components of the plant, including cannabinoids, terpenes, and polyphenols.

When we discuss the federally illegal market, we are discussing THC-only related cannabis. Federal prohibition makes it highly risky and volatile, and respectively, when a THC-related business is viable it also tends to provide the highest returns.

## THC LICENSING AND PERMITTING

The licensing process, documentation, and requirements your cannabis business requires will depend on the location of your business and the type of business you are looking to operate. For example, a person looking to grow cannabis needs a cultivation license, a dispensary or delivery service needs a retail (and/or delivery) license, a cannabis logistics and transportation business needs a distribution license, and so on and so forth. Prospective canna-preneurs can expect to compile an executive summary, business plan, business model, marketing plan, financial plan, real estate plan, and, depending on the state, a security plan for any plant-touching business handling cannabis flower with THC levels higher than .3 percent.

Since each state, and sometimes each city, has their own requirements and regulations for cannabis operations, it can be difficult to understand the process. Some states have simple procedures and others make it a bit more complicated. Some states have a revolving application process; others have timeframe-specific application windows with limited amounts of licenses per zone.

Since this information changes frequently, here are the cannabis business applications and licensing fees for the states that have implemented regulated commercial cannabis operations as of 2020. Go to [www.thesuccessfulcannapreneur.com](http://www.thesuccessfulcannapreneur.com) for updated figures. Please be advised that some states, like California for example, have a dual licensing process, which means they require a local jurisdiction license in addition to the state license.

The following state licensing programs show the range of different approaches to the regulation of cannabis businesses in the US:

### **Alaska**

- New application fee: \$1,000
- Standard cultivation facility license: \$5,000
- Limited cultivation facility license (500 square feet or less): \$1,000
- Product manufacturing facility license: \$1,000
- Concentrate manufacturing facility license: \$1,000

### **Arizona**

- Application fee: \$5,000 (\$1,000 of which is refundable)
- Initial registration fee: \$5,000
- Annual registration renewal fee: \$1,000

In Arizona, medical marijuana nonprofit dispensary licensees are permitted to grow marijuana.

### **Arkansas**

- Annual cultivation license fee: \$100,000
- Performance bond: \$500,000

### **California**

Annual license application fees:

- Specialty Cottage Outdoor \$135
- Specialty Cottage Indoor \$205
- Specialty Cottage Mixed-Light Tier 1 \$340
- Specialty Cottage Mixed-Light Tier 2 \$580

- Specialty Outdoor \$270
- Specialty Indoor \$2,170
- Specialty Mixed-Light Tier 1 \$655
- Specialty Mixed-Light Tier 2 \$1,125
- Small Outdoor \$535
- Small Indoor \$3,935
- Small Mixed-Light Tier 1 \$1,310
- Small Mixed-Light Tier 2 \$2,250
- Medium Outdoor \$1,555
- Medium Indoor \$8,655
- Medium Mixed-Light Tier 1 \$2,885
- Medium Mixed-Light Tier 2 \$4,945
- Nursery \$520
- Processor \$1,040

Annual license fees:

- Specialty Cottage Outdoor \$1,205
- Specialty Cottage Indoor \$1,830
- Specialty Cottage Mixed-Light Tier 1 \$3,035
- Specialty Cottage Mixed-Light Tier 2 \$5,200
- Specialty Outdoor \$2,410
- Specialty Indoor \$19,540

- Specialty Mixed-Light Tier 1 \$5,900
- Specialty Mixed-Light Tier 2 \$10,120
- Small Outdoor \$4,820
- Small Indoor \$35,410
- Small Mixed-Light Tier 1 \$11,800
- Small Mixed-Light Tier 2 \$20,235
- Medium Outdoor \$13,990
- Medium Indoor \$77,905
- Medium Mixed-Light Tier 1 \$25,970
- Medium Mixed-Light Tier 2 \$44,517
- Nursery \$4,685
- Processor \$9,370

### **Colorado**

- New application fee: \$4,000
- New application for converting medical cultivation facility to adult-use: \$1,750
- Annual renewal fee (1,801 to 3,600 plants): \$1,100
- Annual renewal fee (3,601 to 6,000 plants): \$1,800
- Annual renewal fee (6,001 to 10,200 plants): \$3,300
- Annual renewal fee (10,201 to 13,800 plants): \$5,300

### **Connecticut**

- Initial application fee: \$25,000
- Cultivation license registration fee: \$75,000
- Annual cultivation license renewal fee: \$75,000

### **Delaware**

- Application fee: \$5,000
- Certification fee: \$40,000 (paid every two years)

### **Florida**

- Application fee: \$60,830

In Florida, medical marijuana treatment centers (MMTCs) are authorized to cultivate, process, transport, and dispense medical marijuana. A “supplemental licensing fee” of \$174,844 was rescinded in 2018.

### **Hawaii**

- Application fee: \$5,000
- Annual licensing fee: \$75,000

In Hawaii, medical marijuana dispensary licensees are permitted to grow, process, transport, and dispense marijuana. The state does not offer a cultivation license.

### **Illinois**

- Application fee: \$25,000
- Annual cultivation license fee: \$100,000

## Louisiana

No cultivation licensing process. Two cannabis companies have successfully placed bids for growing permits awarded to Southern University and Louisiana State University.

## Maine

- Application fee: \$300 per patient (caregiver model)
- Annual cultivation license fee: \$300 per patient

## Maryland

- Application fee: \$6,000
- Annual cultivation license fee: \$125,000

## Massachusetts

License Types	Application Fees (Indoor/Outdoor)	Annual License Fee (Indoor/Outdoor)
Indoor or Outdoor Cultivator		
Tier 1: up to 5,000 square feet	\$200 (I)/\$100 (O)	\$1,250 (I)/\$625 (O)
Tier 2: 5,001 to 10,000 sq. ft.	\$400 (I)/\$200 (O)	\$2,500 (I)/\$1,250 (O)
Tier 3: 10,001 to 20,000 sq. ft.	\$600 (I)/\$300 (O)	\$5,000 (I)/\$2,500 (O)
Tier 4: 20,001 to 30,000 sq. ft.	\$600 (I)/\$300 (O)	\$7,500 (I)/\$3,750 (O)
Tier 5: 30,001 to 40,000 sq. ft.	\$600 (I)/\$300 (O)	\$10,000 (I)/\$5,000 (O)
Tier 6: 40,001 to 50,000 sq. ft.	\$600 (I)/\$300 (O)	\$12,500 (I)/\$6,250 (O)
Tier 7: 50,001 to 60,000 sq. ft.	\$600 (I)/\$300 (O)	\$15,000 (I)/\$7,500 (O)
Tier 8: 60,001 to 70,000 sq. ft.	\$600 (I)/\$300 (O)	\$17,500 (I)/\$8,750 (O)
Tier 9: 70,001 to 80,000 sq. ft.	\$600 (I)/\$300 (O)	\$20,000 (I)/\$10,000 (O)
Tier 10: 80,001 to 90,000 sq. ft.	\$600 (I)/\$300 (O)	\$22,500 (I)/\$11,250 (O)
Tier 11: 90,001 to 100,000 sq. ft.	\$600 (I)/\$300 (O)	\$25,000 (I)/\$12,500 (O)
Craft Marijuana Cooperative	Total fees for its canopy. If more than six locations, add \$200 (I)/\$100(O) per additional location.	Total fees for its canopy. If more than six locations, add \$1,250(I)/\$625(O) per additional location.
Microbusiness	\$300	50% of all applicable fees
Manufacturing	\$300	\$5,000

## Michigan

- State license application fee: \$6,000
- Class A license fee (500 plants): \$150,000
- Class B license fee (1,000 plants): \$300,000

- Class C license fee (1,500 plants): \$500,000
- Processor license fee: \$300,000

### **Minnesota**

- Application fee: \$20,000
- Minnesota requires vertical integration, and has thus far licensed two companies.

### **Missouri**

- Cultivation license application fee: \$10,000

Missouri began accepting medical marijuana business license applications in January 2019.

Read more about Missouri's medical marijuana industry regulations from Reynolds and Gold [here](#).

### **Montana**

- Annual caregiver license fee (up to 10 patients): \$1,000
- Annual caregiver license fee (11-49 patients): \$2,500
- Annual caregiver license fee (50 or more patients): \$5,000

### **Nevada**

- Application fee: \$5,000
- Annual license fee: \$30,000

### **New Hampshire**

- Application fee: \$3,000
- Annual licensing fee: \$40,000 or \$80,000 (depending on geographic area)

In New Hampshire, alternative treatment centers (ATCs) are authorized to grow, process, and dispense medical marijuana.

### **New Jersey**

- Application fee: \$20,000 (\$18,000 refundable to unsuccessful applicants)

In New Jersey, alternative treatment centers (ATCs) are authorized to grow, process, and dispense medical marijuana. The state has licensed six ATCs as of February 2019.

### **New Mexico**

- Application fee: \$10,000 (\$9,000 refundable to unsuccessful applicants)
- Annual license fee: \$30,000 for first 150 plants, and \$10,000 for each additional 50 plants (up to a 450-plant limit)

### **New York**

- Application fee: \$10,000
- Initial registration fee; \$200,000

### **North Dakota**

- Application fee: \$5,000
- Annual licensing fee: \$110,000

### **Ohio**

- Application fee: \$2,000 (up to 3,000 square feet of cultivation area), \$20,000 (up to 25,000 square feet of cultivation area)
- Initial license fee: \$18,000, \$180,000
- Annual license renewal fee: \$20,000, \$200,000

### **Oklahoma**

- Application fee: \$2,500

### **Oregon**

- Application fee: \$250
- Annual licensing fees:
  - Micro Tier I \$1,000
  - Micro Tier II \$2,000
  - Tier I \$3,750
  - Tier II \$5,750
  - Medical Canopy \$100

### **Pennsylvania**

- Grower/Processor initial application fee (nonrefundable): \$10,000
- Grower/Processor initial fee (refundable if application is not successful): \$200,000
- Dispensary initial application fee: \$5,000
- Dispensary Initial Permit Fee: \$30,000 per location, up to \$90,000
- Annual license renewal fee: \$10,000

- Proof of funds: \$2 million, with \$500,000 liquid in applicant's bank account

### **Rhode Island**

- Application fee: \$5,000
- Annual license fee:
  - Micro-license (up to 2,500 square feet) \$5,000
  - Class A (2,501 to 5,000 square feet) \$20,000
  - Class B (5,001 to 10,000 square feet) \$35,000
  - Class C (10,001 to 15,000 square feet) \$50,000
  - Class D (15,001 to 20,000 square feet) \$80,000

### **Utah**

- Application fee: \$500

### **Vermont**

No regulated licensing structures.

### **Washington**

- Application fee: \$250
- Annual license fee (Tier 1, 2, 3): \$1,480

### **West Virginia**

- Application fee: \$5,000

- Annual license fee: \$50,000

Many states and municipalities restrict the number of cannabis businesses, limiting their size and market reach. Common barriers to starting a legal cannabis business include high application fees, strict regulations, stringent financial reporting and management requirements.

Patience is key when applying for a cannabis license, as the process is arduous and costly. It took two years to obtain a license in the City of La Mesa, CA for my client. The application process began in May 2017 and we finally received the conditional-use permit (CUP) from the City of La Mesa to begin buildout based on our proposal in 2019. The two years were characterized by going back and forth with the city about requirements, dealing with impatient property owners, and playing defense with nearby competitors (neighboring cannabis operators who felt threatened by another shop opening) and neighboring businesses who did not want a dispensary on their street (battling the stigma). At almost \$300,000 in expenses later and two appeals at the City Council's hearings from neighboring businesses (cannabis and non-cannabis related), we were granted the license and had the green light to start operations.

## CBD AND HEMP MARKET (MILD RISK)

Most likely if you are new to cannabis you started hearing about cannabidiol, more commonly known as CBD, in the past four to five years. The professed remedial health benefits of CBD, one of many compounds found in cannabis and hemp plants, has taken the world by storm. CBD oil, much like its counterpart THC, tetrahydrocannabinol, has entered the wellness arena in the form of tinctures, oil capsules, topicals, infused edibles, smokable flower/vapes, and more. The growth of CBD oil products has been vast, and the numbers don't lie. BDS Analytics, a big data organization that analyzes the cannabis industry, predicts the American CBD market is poised to reach \$20 billion in sales by 2024.

The decriminalization of hemp production in 2018 made it possible for the North American CBD industry to experience remarkable growth. Many analysts have gone as far as to claim that hemp oil could be the industry with the highest rate of growth on Wall Street. The years 2017 and 2018 are

characterized by the capitalization of the newly legal industry. This doesn't mean, however, that you're too late to the party, as the hemp industry is still in its initial stages.

The potential of the CBD industry has attracted new entrepreneurs and some of our favorite mainstream brands all over the world. Nevertheless, the industry is not without its challenges, particularly pertaining to the ever-changing legal landscape. Given the data, I believe the opportunity is worth analyzing to see if it's a good fit for anyone weighing their canna-preneurial options. If you want to get involved in the CBD industry, first you have to gain a basic understanding about the CBD compound and how it works.

### ***What is CBD?***

CBD is one of over 100 cannabinoids, which are compounds found throughout the cannabis and hemp plants. The most (in)famous cannabinoid is definitely tetrahydrocannabinol (THC), which is responsible for the feelings of euphoria and "intoxication" associated with the consumption of cannabis. CBD, conversely, does not produce euphoric or intoxicating effects; instead, it is often praised for offering therapeutic benefits. The FDA has already approved drugs Marinol, a cannabis-based drug used by cancer patients to treat symptoms of chemotherapy such as loss of appetite and nausea, and Epidiolex (GWPharma), a CBD-based drug used to treat epilepsy in children. Despite these accomplishments, research is still ongoing.

### ***Hemp CBD vs. Cannabis CBD***

The CBD compound is found in both cannabis and hemp plants. CBD oil can come from either plant. The key difference between hemp CBD oil and cannabis-derived CBD products is spelled T-H-C. Industrial hemp is defined by federal law as cannabis plants that contain less than 0.3 percent THC. The cultivation, harvest, and process of said plants is considered legal under federal law. Hemp was recently removed from the Controlled Substances Act altogether, opening the way for its comeback to the U.S. farming industry for the first time since 1937. Cannabis, in contrast, contains much higher than 0.3 percent THC levels and remains a Schedule

1 drug under the Controlled Substances Act, making it unlawful for interstate commerce, even within the states that legalized it for adult use.

### ***Full-Spectrum CBD vs. CBD Isolate***

The terms “full-spectrum” and “isolate” are terms you need to get acquainted with if you decide to go the CBD route. These terms are directly related to the extraction methods used to process the CBD oil obtained from the plant.

Full-spectrum CBD contains other cannabinoids and compounds found in the source plant. Full-spectrum CBD also contains terpenes, which are the compounds responsible for creating the flavor profile, aroma, and specific effects of the plant.

CBD isolate, as the name implies, is a concentrate that only contains CBD. Other cannabinoids, terpenes, and compounds are completely removed from the extract. Depending on which product your business is looking to manufacture, you may need one or the other. A chemist would be able to guide you in that regard. While some prefer the purity of CBD isolate, there’s been evidence suggesting that full-spectrum CBD promotes what’s known as the “entourage effect”; that is, the compounds in a full-spectrum hemp extract work synergistically to promote more significant effects. Research is still underway to decipher the entourage effect phenomenon as well as other cannabinoids you might encounter during your cannabis business journey including:

- **THCVA** (Tetrahydrocannabivarinic acid)
- **CBDVA** (Cannabidivarinic acid)
- **CBDA** (Cannabidiolic acid)
- **CBCA** (Cannabichromenenic acid)
- **CBGVA** (Cannabigerovarinic acid)
- **CBCVA** (Cannabichromevarinic acid)
- **CBGA** (Cannabigerolic acid)
- **THCA** ( $\Delta^9$ -tetrahydrocannabinolic acid)

### ***What CBD products are available?***

Now that you're acquainted with CBD and the process of extracting it from hemp or cannabis plants, let's discuss the finished products. The CBD industry is just a sector of the cannabis industry for products that do not get the consumer "high." It is also a diverse and evolving sector and there are many ingestion methods for consumption beyond this list (so do your research!):

- *Sublingual tinctures*: CBD oil that generally comes in a dropper bottle. Sublingual products consumption involves placing them under your tongue and allowing the oil to absorb.
- *Vape concentrates*: Vaporizer concentrates come in oils and waxes. These are also common due to their discreet nature. These are usually used with an electronic device or battery to vaporize and inhale the CBD concentrate product.
- *CBD topicals*: CBD topicals include infused ointments, creams, gels, and sprays for aches, pains, and dermatological needs. Topicals are placed directly on the target area in the skin.
- *CBD edibles*: CBD edibles include infused baked goods, candies, drinks, and foods. Despite their popularity on the marketplace, CBD edibles have faced significant scrutiny from the U.S. Food and Drug Administration.

If you're looking to start a CBD business, now is the time to identify which products your business will focus on. Remember to study the market and your local laws! As we learn more about CBD through research and experience, the industry will evolve and the product offerings will evolve accordingly.

### THREE WAYS TO APPROACH THE HEMP MARKET

If you believe in the long-term future of hemp and CBD, then you might want to consider investing in the industry. This section breaks down recommended ways to play in the hemp industry.

One crucial consideration a potential canna-preneur needs to address is which segment of the hemp industry they want to place their energy and dollars in. The hemp industry is subdivided into four groups: growers,

manufacturers, retailers, and service providers. Understanding what each of these business segments is responsible for can help you manage your risk exposure.

### ***The Growers***

Growers are obviously involved in the cultivation and harvesting of hemp. Depending on the company, these growers could be focused on harvesting hemp for medical purposes and/or recreational use.

By now you know that the passage of the 2018 Farm Bill pioneered hemp cultivation legalization in America. Many U.S. farms have taken advantage of the high demand for CBD by devoting thousands of acres to hemp cultivation. A report conducted by Hemp Crop concluded that U.S. hemp cultivation grew from 23,300 acres in 2017 to 230,000 acres in 2019.

Many farmers say hemp cultivation is far more profitable than other plants in this new environment. Nowadays, cultivators find more value in cultivating and harvesting hemp than in farming tobacco due to the increasing demand for CBD. Not only is hemp oil in demand for medicinal and recreational purposes, but it's also extremely useful in the manufacturing of products such as cars, construction goods, textiles, and even furniture.

While the expansion in U.S. hemp growers is expected to continue, entrepreneurs should also consider Canadian-based growers. Since Canada has fully legalized cannabis at a federal level, Canadian farmers have an easier time growing a more diverse crop. Under current federal law, American farmers cannot grow cannabis with higher THC content than .3 percent, as anything above that level is no longer considered hemp. Additionally, many U.S. states still have restrictions on the sale of CBD derived products. Until these laws change, American farmers will be at a disadvantage to Canadian companies that can already cultivate both hemp and cannabis products legally.

If your intention is to invest in hemp growers, take a long look at the company's balance sheet and the types of distributors they do business with. Understand the business model and the profit centers. Is the business well-established with financials, or is it just starting out in the industry? What distributors do these hemp growers work with? Answering these basic

questions will help you get a better sense of just how risky your investment may be.

### ***CBD Manufacturers***

CBD manufacturers are the ones who have the technology necessary to extract CBD from the plant. Depending on the manufacturing facility, they can run multiple operations. Understanding these differences is essential for running your business.

A well-thought-out business concept is vital to developing a successful extraction operation. What is your niche? What is your product? Who is your customer? What is your material source? How much material do you intend on processing per month? These, and many other inquiries, are all important considerations that should be addressed prior to moving forward with any planning.

As a budding canna-preneur interested in the manufacturing of CBD products, you'll have to plan how large your extraction lab will be, what kind of equipment you choose, and the size and layout of the lab, from primary extraction to post processing and packaging rooms. Strategic planning will be key in building this particular type of business.

### ***CBD Retailers***

Marketing and selling CBD may be easier than selling THC products legally, but it can be tricky. The next time you go to CVS and Walgreens, check out their CBD sections. Even though these major retailers carry CBD and make it seem easy, it is still challenging to sell CBD products both online and in brick-and-mortar. Social media advertising is practically nonexistent; paid ads for CBD products as well as CBD-related education risk account suspensions or bans. This doesn't mean that social advertising is impossible, it simply means that you have to focus purely on organic growth driven through quality content that follows the guidelines of each platform.

Creativity is essential if you want to successfully advertise and sell CBD. Establishing your own e-commerce store or carrying your products in a brick-and-mortar location is a must. Marketing your CBD products

through an organic search strategy and customer loyalty programs are examples of safe marketing strategies in the space.

I met Kerry Ann, the founder of Alive Wellness CBD, a CBD retail store in San Diego, California, when she was looking for an exit strategy to pivot from not winning a THC license from a lottery system, which only picked five out of almost 100 licenses. Application fees for THC licenses range between \$5,000 to \$25,000 in California. These fees are non-refundable. After discussing the different routes to approach a new strategy, the young founder decided to go all-in and, instead of pursuing THC licenses for dispensaries, she focused on opening a CBD store, since the 2018 Farm Bill narrowed the barrier to entry. This was not an easy task, as she dealt with the cannabis stigma when scouting for locations for her brick-and-mortar. Many leasing officers and property owners are not aware of legalities and may have limited and preconceived notions about cannabis and CBD. Other challenges experienced included finding the right POS system. Just like popular social media platforms, POS software companies such as Square and PayPal ban and shut down accounts related to any cannabis commercial transactions (even CBD). Patience is key, but once Kerry Ann found the right location, she created a strategy to vet quality CBD suppliers. Although not yet required by law, Alive Wellness CBD only carries brands with lab-tested products, fair practices, and those that can provide seed-to-retail tracking information, all of which she makes available to the customer. Kerry Ann is a U.S. military veteran, and although the store sells to anyone who comes through the doors, her target niche includes veterans suffering from PTSD, physical pain, and other mental health conditions. Her customer service strategy involved providing free education about the benefits of CBD and cannabis as medicine and a referral system to direct customers to specific professionals who could further assist the client with their health concerns. When the pandemic struck, Kerry Ann moved her focus to online sales and high-quality content creation for her niche. Her customer service strategy, which led her to build relationships with her customers, set her up for success during the mandated stay at home orders.

## KEY CHALLENGES FACING CBD BUSINESSES

Most of the challenges experienced by canna-preneurs relate to the ever-changing regulatory environment as well as the specific rules and guidelines dictated by federal and state agencies (e.g., the FDA). If you want to start a viable CBD business, you should consider the following factors:

- *Banking*: Reliable banking services can be complicated due to the dynamic regulatory landscape. Many banking institutions are hesitant to engage CBD and cannabis businesses, fearing significant risk or burdensome oversight. Having to switch banks or experiencing abrupt closures of a merchant account, which can seriously disrupt operations, are not uncommon in this space.
- *Insurance*: “Premium cannabis pricing” is a real thing when searching for insurance for a cannabis-affiliated business. Prices remain extremely high despite the legalization of hemp-derived products. As the industry takes time to catch up, education remains a vexing obstacle.
- *Payment processing*: Similarly, payment processors present high fees and other challenges to CBD businesses.
- *Access to capital*: Financial institutions continue to be reluctant to fund CBD businesses, as they categorize the industry as too risky due to the gray-area-like regulatory environment. Thus far, successful canna-preneurs like Kerry Ann of Alive Wellness, who have claimed their stake in CBD, have relied on bootstrapping and alternative investors or lenders to find the necessary capital for growth.

These challenges aren't a walk in the park; nonetheless, they will likely subside as regulation becomes more stable. In the meantime, CBD businesses must make resiliency and self-regulation a priority. Changes in the industry happen in the blink of an eye. For that reason, I recommend my clients in the cannabis space come up with solid backup and exit plans. Anticipating challenges ahead of time and being prepared should the worst come to pass, will save you a headache, energy, money, and time (in that order!).

## CBD IS A GREAT BUSINESS OPPORTUNITY IF APPROACHED CORRECTLY

The growth opportunity in the CBD industry is huge. Cannabis as a whole is one of the fastest growing in the nation, and CBD is one of the top-growing sectors of the industry. The passage of the 2018 U.S. Farm Bill accelerated the proliferation of hemp CBD products. If you want to start a CBD business, you're just in time, because there's major momentum. Hundreds of brands have flooded the CBD space, but there isn't one brand yet that has cornered the market. My advice is be a leader, find a niche, solve a problem, focus on quality, and, most importantly, follow compliance and manufacturing best practices even when it's not required. The latter will set you up for success if and when regulation is implemented. In addition, due diligence and creativity will set your business up for success in the budding CBD industry.

## A SAFER BET? ANCILLARY COMPANIES (LOWER RISK)

For those who want to get involved in the cannabis industry indirectly, consider starting or investing in companies with business models that provide supportive services to growers and distributors. Ancillary companies supply both hemp and cannabis businesses with things like POS systems, soil, hydrotronic devices, administrative services, packaging, lighting equipment, and more. Since ancillary hemp companies are "behind the scenes," they usually aren't as volatile as those directly involved in the hemp industry.

Another way ancillary companies are less risky is that they are more diversified than hemp/cannabis companies. Most often, these service providers only devote one segment of their business specifically to the cannabis industry. This diversification allows ancillary companies to profit from the global cannabis industry without being exposed to the risks plant-touching businesses assume.

Just because non-plant-touching businesses aren't as risky as direct plant touching ones doesn't mean they aren't without risk, though. As the cannabis and hemp industries evolve, it's going to take time for markets to set corresponding standards. As a hemp or cannabis ancillary business

owner, it is imperative to implement a vetting process to confirm the legal status of the cannabis organization your business will service. This is essential as you expose yourself and your business to unnecessary liabilities if your business is connected to illegal revenue from a controlled or regulated substance. These liabilities can range from fines to jail time.

Most of the popular names in cannabis are ancillary companies:

- Weedmaps: Geo-location platform that connects dispensaries with customers.
- Leafly: Data and geo-location platform that connects dispensaries with customers; and canna-curios with information.
- Hightimes: Likely the most recognized brand in cannabis, is a media and events company.
- Webjoint: A software for cannabis delivery companies to streamline inventory and POS.
- Leafwire: A social network for cannabis professionals, investors, and canna-preneurs.
- EventHi: An event advertising platform, connecting cannabis industry event organizers with their respective audiences.

To conclude this chapter, I'd like to emphasize on the fact that the time is now! But remember: every market is different, so start by doing your research, understand your local and state laws, identify what the market wants, and cater to that.

One last thing. Here are some questions you should get clear on before throwing yourself out the window:

- Do you want to operate a plant-touching or ancillary company?
- THC, CBD, or ancillary? (You can combine these options as long as it makes sense!)
- Potential location:

\*\*These are not small considerations; if, for example, you might want to start a dispensary (THC + CBD), understanding the state rules, capital requirements, and licensure process is critical. This route can be one of the most costly, most risky, and toughest processes to go through, but it is

definitely doable. Are you serious about considering a plant-touching start-up? Then be realistic about all that it entails and *do your research!*

It is impossible to start your own venture without a high metabolism for risk. Matched with resilience, intelligence, and a dose of intentional luck, high risk tolerance can lead you to greatness. On the other hand, low risk tolerance can keep you stuck in patterns that will leave you unfulfilled as you watch others take the leaps and dives you dream of while you don't feel comfortable with the risks.

As an entrepreneur who is vested in different industries, I have watched the paths of countless individuals be shaped by their personal levels of risk tolerance, and I have seen how necessary a high tolerance for risk is to entrepreneurial success in cannabis. Of course, risk tolerance is not a fixed quality: it can be developed and harnessed with intention.

Risk tolerance should be taken seriously in this space. If you're trying to chew more than you can bite you will fail. Canna-preneurs need to think differently, be smarter, hustle harder, and play their own game while carefully playing within the compliance lines. The future of the legal cannabis industry is going to be led by the canna-preneur with grit and hustle. The canna-preneur who doesn't just understand the business side but also understands the marketing, distribution, product development, and cultural side as well. The canna-preneur who understands growth hacking, viral marketing, crowdsourcing, audience building, and revenue streams and alternate ways to raise money for their business.

The successful canna-preneur is able to pivot and change with the ever-changing regulated cannabis marketplace, adjusting to and exploiting new technologies in product development, in alternate ways of online marketing, and in distribution methods from products and services alike. The successful canna-preneur must have at least a basic understanding of the entire cannabis pipeline (from seed to experience), even if she doesn't perform each part of the process. The successful canna-preneur needs to create massive value [period!].

## GETTING DOWN TO BIZ: DEVELOP YOUR BUSINESS PLAN

### SOLVE A PROBLEM

*“While the masses are waiting to pick the right numbers and praying for prosperity, the great ones are solving problems.”*

— STEVE SIEBOLD

If you’ve decided to be a canna-preneur primarily for the money, you may not last here. This is not an easy thing to do. So far, we’ve covered a lot of the cards that will be against you throughout your journey. I didn’t mention those things to scare you or de-motivate you; I think it’s important to be aware of all the potential pitfalls in order to devise a plan to avoid them.

But I’ll be honest, if your only intention is to fix your own financial situation or liberate yourself from the nine-to-five routine, then you are starting a business for the wrong reasons. We are past the midpoint of the book and I am sure that by now you’ve connected with the theme: educate yourself, match your passion, build a community, solve a problem, repeat. Businesses exist to solve problems, the getting rich part happens as a byproduct of efficiently and effectively solving a problem for a lot of people.

True entrepreneurs identify big problems, spend time and energy working their tail off, then profit on the backend. Persistent focus on providing solutions to customers’ needs differentiates the real entrepreneur

from the not-so-real-entrepreneur. Check your temperature, be honest with yourself and decide who you really want to be.

Real problems present real opportunities. Starting a business around a problem that needs to be solved gives you a higher chance of beating the odds and being successful. In addition to having a unique solution, in the cannabis space there's another element that needs to be considered, which is to ensure the concept is legally viable. Too frequently, a concept is exciting but cannot be supported within the legal framework. For long-term scalable success, a business must be able to withstand the strict and ever-changing regulations and the risky business environment of the regulated environment.

We've gotten this far within the program. It's time for a temperature check:

- Are you passionate about cannabis (the plant and its potential)?
- Shift your mindset from money making to problem solving. Take today, listen closely to conversations around you and find out what people are complaining about in the cannabis space. Listen to cannabis consumers, cannabis operators, etc. Take notes and come up with solutions until you find one that awakens your creative side, makes you excited, and passes the legality test. Light up a joint if you want to. Then get moving! At this phase, I'd like for you to follow the magic, not the logic. Let your creative mind go as far as it wants to before thinking about both the money (in any capacity) and which challenges you will face. Write down your ideas no matter how crazy they sound for as long as you can.
- What problem are you going to solve for the cannabis industry?
- Do you understand the unmet needs you're filling for your customer base?

Before I took the leap of faith to venture out on my own in the world of cannabis, I did market research. I studied the marketplace and realized that there was a hole that I could fill. I started Balbuena Consulting, a commercial cannabis licensing acquisition, compliance management, and business development firm, with the purpose to help cannabis operators, canna-preneurs, and professionals in the industry with managing the

licensing application process and monitor compliance. In preparation to launch I grew a social community on Instagram for a year providing information about the industry, creating videos discussing my experience as a cannabis consumer as well as a cannabis industry professional, and reposting (and properly crediting) content from thought leaders and similar accounts in the space. Within a year I had almost three thousand followers. I also created a portfolio style website and used it as a business card. On purpose I did not get business cards until I got my first client. If anyone asked for my business card, I'd tell them I didn't have any on me and proceed to ask for their number to text them my website and email.

After working at Duane's company, I had a pretty good idea of the issues cannabis operators faced, the areas in which they could use a third party for management so they could balance their time and focus on producing. Most recently, Balbuena Consulting evolved into Synergy, a licensed cannabis events organizer, business consultancy, and high-quality engaging content and experiences creator for the cannabis space. Our vertically integrated business model strategically leads and elevates purpose-driven entrepreneurs of all backgrounds and canna-curious participants to create a global impact in the cannabis industry.

At this point, I had an offer to make, one which my niche, based on the market research I did, would be dying to engage. The next question was, how do I reach that audience without spending thousands of dollars on advertising? Let's not get ahead of ourselves. We shall discuss marketing in great detail in Chapter 10.

## GETTING DOWN TO BIZ

You will need a business plan. A good business plan does more than just inform readers about what your company does, how you earn money, or what you want to do. It persuades the reader to visualize your company's awesomeness, gets them excited about the opportunity to get involved, and makes them want to help you succeed. Businesses with a business plan are 2.5 times more likely to follow through, get funded, and get off the ground. But before you get to writing your business plan, consider and be mindful of these key factors:

- Quantifiable evidence
- Transparency
- Professionalism
- Promise

### *1. The Proof Is in the Pudding*

The purpose of the business plan is for investors and the people who review your cannabis license application to understand your plan is possible to accomplish and that you and your team have what it takes to achieve your business objectives. Hence, your plan must ooze with evidence and possibilities in the form of quantifiable proof provided through verifiable data. Do your research, collect and organize your data, and illustrate it within your business plan along with why it matters.

### *2. Transparency*

Trust is key. Before your application for a legal commercial cannabis business is approved or before a kind investor entrusts you with her cash, they have to trust you. Therefore, your plan should explain in a transparent and verifiable manner why you and your team will ensure your business is successful and compliant.

### *3. Be Professional*

The old cannabis industry was a bit rough around the edges due to its underground nature. The past five years in the industry has evolved to a more mature and professional business environment. This goes without saying in any industry: you must be professional if you want to be taken seriously. I don't know about you, but I take money, business, and cannabis matters very seriously.

### *4. Keep it Real*

Most experienced investors will know if you're blowing smoke. All the claims and promises in your cannabis business plan must be verifiable and pragmatic. This includes your offer, business objectives, financial goals and projections, milestones, and even your request from the investor or licensing authorities. Back up your claims with evidence and know your vulnerabilities and respective back up plans.

## THE MASTER PLAN

Duane's company had the most thorough business plan I have ever encountered. He called it "the bible." It literally looked like an encyclopedia and covered every aspect of cannabis management from seed to sale before it was required by law in California. Duane was ahead of his time and his two decades of success in the space showed in his approach. I was lucky to have started my cannabis journey with him because I learned so much in so little time. He had three versions of his business plan: one for investors, one to submit with license applications, and "the bible."

Investors usually focus on numbers and the business viability. Hence, if you're preparing a business plan to present to investors, it should be concise and explicitly illustrate that you have thought the idea through. You need to know exactly what you're seeking and where that money will be spent. Your plan should reflect that.

I recommend for your business plan to include these essential sections:

### *Executive Summary*

The executive summary is an introduction to the main ideas that you will discuss in the rest of the plan. If an investor read only the executive summary and nothing else, you'd want them to be able to walk away with a clear understanding of the main highlights of your canna-business and why it's exciting.

Although the executive summary comes first, it is often helpful to write it last because you'll have worked through everything by then. In this section you should include a concise summary of the contents. The average length of an executive summary is two pages. Keep it short and tailored to the audience's interests. Also, because bankers and professional investors

receive so many business plans, they sometimes go right to the executive summary for an overall view of what your plan is all about. If you can't seize their interest in your executive summary, go back to the drawing board and try again.

### ***Problem-Solution***

This one should be an easy one since by now, you should have determined which problem your business will solve and how. This section of your business plan shows that you've done your homework and that you've identified an unmet or under-met need in the market your business is uniquely able to fill and that your team has a plan to successfully execute.

### ***Competitors***

There's nothing new under the sun. It is a mistake to say your business has no competitors. Every business has competitors, even the ones with new concepts. For example, Airbnb came up with an innovative concept that met the needs of tourists and people who needed a source of income, yet its competitors are hotels, motels, hostels, etc. To create a solid competitors section, be honest, be comprehensive, and place emphasis on why your solution has to get to market as quickly as possible to meet the needs of the consumers your competitors aren't satisfying.

### ***Market Opportunity***

The market opportunity section pertains to data related to the market size, trends, growth potential, target segments, competitors, and the regulatory landscape of the industry. The purpose of this section is to emphasize that there is an opportunity in the marketplace for your business to grow and thrive. The market opportunity section should illustrate how your business is poised to carve out a profitable niche and how it will surpass the competition with your superior offers for your target market.

Essentially, this section provides a bird's-eye view of the industry your company is positioned in, what's happening in the industry, and where your cannabis company stands in relation to your peers. You want readers to

walk away from your business plan seeing not only that you're an expert in your company, but that you're highly knowledgeable about the cannabis industry.

### ***Revenue Model***

This is where you answer the age-old question: How does your company make money? Identify all current/initial revenue sources, including pricing, cost of goods sold, and margins.

Ask yourself: Why is this revenue model the right fit for your current stage? How does your pricing compare to competitors? Are there additional revenue sources you plan to add down the line? If you haven't started generating revenue when and how will you "flip the revenue switch"?

### ***Business Strategy***

This section is meant to paint the picture of your execution strategy with detailed plans that include timelines, milestones, and trackable metrics that will evaluate your success against your goals.

Here are some key categories of traction that signal to readers that your company is making moves.

- *Product Development*: Where are you in the process? Is your product in the market?
- *Manufacturing/Distribution*: Do you have an established partnership for production/manufacturing/distribution?
- *Early Customers and Revenue*: Do you have existing customers? How many? And how fast are you growing? Have you started generating revenue?
- *Partnerships*: Have you secured partnerships with any established brands? How vast is your network?
- *Intellectual Property*: Do you have any patents for the technology behind your company? Is your company name trademarked? Do you have any proprietary processes?

### ***Marketing***

To date the marketing experience in cannabis is limiting due to prohibition. The marketing section of your cannabis business plan should be mindful of what's compliant and feasible in the space. However, a comprehensive marketing plan section should include an in-depth analysis of the P's:

- *Position:* Brand differentiation strategy
- *Product/Service:* Connection between your product on the unmet/under-met needs of the consumer
- *Price:* Pricing strategy with respect to competitive advantage
- *Promotion:* Strategy to promote and increase sales
- *Place:* Location of your business as it relates to where your customers are

On this section answer the following questions:

How will you get your first customers? Who will you target first? Will you introduce your product in certain key geographic locations? Are there any existing brands that you are planning to partner with? How do you plan to raise awareness for your brand? What forms of media will you use and why? Do you have a presence on social media? Which platforms do you use and why?

## ***Operations***

The operations section is one of the most important sections on your cannabis business plan. This section will discuss facilities, technology, equipment, security, sales, distribution, and personnel. Professional visuals are key on this section. Give an explanation of the physical space your business will need to operate, as well as the technology, equipment, and staffing anticipated to operate for at least the first year.

## ***Compliance***

If you have an exciting idea, but it's not viable in the legal sector, you've wasted your time (unless you're not interested in the legal space). The compliance section is meant to explain how your business will meet the

compliance requirements to operate legally in the cannabis industry at all levels: city/state/federal. In this section you can show off not only that you understand what regulations you're required to comply with when you're in operation, but also that your business is playing the long-run game. If the business plan is for licensing application authorities, this section should include any required standard operating procedures (SOPs).

### ***Future Growth and Development***

A business growth plan is beneficial to a company as a whole, but it's important to write it with investors in mind. Investors want an outline of how your company plans to build sales in the coming months. Growth plans are customizable to each business and don't need to follow a set template. However, all business growth strategies must be heavily focused on revenue.

For this section answer the following questions:

What will you do to grow your business from there?

Ask yourself: Do you have any new products in the pipeline? How will these new products enhance your current offerings? Are you planning to expand into new markets (new cities, new demographic categories)? Can you provide a timeline of when you expect each new development to take place? What are some potential exit strategies for your company down the road? Will you seek acquisition by a larger company? Do you plan to take the company public with an Initial Public Offering?

### ***Company and Team***

We've covered a lot of what needs to be done, but who will do the work? The company and team section should include the names and short biographies of your team leaders, owners, advisors, and key employees to demonstrate that you have the expertise and experience to execute your plan successfully. The objective of this section is to corroborate that you have a solid team.

### ***Financial Overview***

The financial section of your business plan is super important, given that the goal is to secure financing and prove that the investment is worth it. The overall theme of this section is profit and cash flow; so keep in mind: use numbers, do not be vague, and avoid overpromising, as the industry is still relatively small and your reputation can be affected in a negative way.

For this section, create a detailed financial plan that includes revenue forecasts, financing, budgets, sources of capital, operating costs, projected balance sheet, projected profit and loss statement, projected cash flow statement, and breakeven analysis. The aforementioned subsections of your plan should be illustrated in the form of charts, graphs, and tables as it makes them easier to analyze and understand.

By the time readers are done reading your business plan, they should have a clear understanding of the following: why (Why this? Why now? Why you? Why them?) and how (How will you make money? How will you get customers? How will you grow your business?).

These questions should be answered throughout your business plan, and should prove to those reading it that your company has the right product, market, team, time, and strategy to make them a return on their investment.

A solid business plan guides you through each phase of starting and managing your business. It serves as a roadmap for how to structure, run, and grow your new canna-business. Moreover, putting together a business plan helps entrepreneurs and business owners to think through the key elements of their business.

Business plans can help you get funding or bring on new business partners. Investors want to feel confident they'll see a return on their investment. Your business plan is the tool you'll use to convince people that working with you or investing in your cannabis company is a smart choice.

Now that your business plan and your foundation are set, let's talk money!

## MONEY MATTERS: FUNDING YOUR CANNA-BIZ

The thought of financials makes some people cringe, likely because of their relationship with money. This section is meant to educate you on financial vehicles, terms, and concepts that can be helpful in getting your canna-business funded and off the ground.

But first, I'd like to discuss that it is possible to start a cannabis business with little to no money. That's what I did! But it is essential to think outside of the box. With little to no money, there are plenty of paths you can take.

As you know by now, I started Balbuena Consulting after getting my experience working for someone else's business. I literally went on Wix.com and created a portfolio-like website (sort of like a digital resume) with my few accomplishments in the industry. That expense was approximately \$20 per month. I started going to industry networking events and studying organizations and people who were successful. I signed up for cannabis professional organizations. Three months in and over 100 meetings later, I engaged a paying client! I was so damn happy. I assisted a California company based in Los Angeles with their state licensing application process and compliant standard operating procedures development. We successfully acquired a commercial cannabis manufacturing license through the California Department of Health and a distribution license through the California Bureau of Cannabis Control.

If you're not into paperwork, don't worry; there are other ways. I started Synergy by writing treatments of content ideas I had for the cannabis space, then emailing them to a mailing list I had created with the business cards I collected from meetings and networking events. I remember staring at the first email I ever sent thinking how stupid people would think my idea was.

After I wrote the email, I stared at it for like an hour. I kept changing the text, I saved it as a draft, then opened it back up a few hours later. I finally sent it after being on the phone with my niece, Phoenix, who was eight years old at the time. She had just won an award for her dancing recital and I curiously asked her where she got the courage to get on stage and dance in front of a lot of people. Her response was so innocent and real. She laughed and said, “It’s not courage it’s just dancing.” So I decided to “dance.” I sent the email and I kid you not, within ten minutes I received a response saying that my concept was needed in the industry! I sent the email to about eighty more people (brand reps and other successful canna-preneurs) and over 50 percent responded saying they would love to participate, and a few just did not respond. But not one negative response was received. With hard work, dedication, and never giving up, things started to jell together as I met individuals who shared a similar vision. The rest is history. Fast forward to today, and Synergy creates high-quality content for the cannabis space; it became a community of canna-creatives, building partnerships with new and established brands, sponsors, and supporters who make it all come together.

## FINANCIAL AFFAIRS

Locating funds to finance a cannabis business is indeed tough, as there are only a handful of financial institutions open to serving the industry’s capital needs. The plant’s federal status makes it more difficult for canna-preneurs to apply for loans, get merchant accounts, or receive other types of financing to cover operating expenses.

As we discussed in a previous chapter, the cost of opening a dispensary varies depending on the county, city, and state requirements. The average cost of a THC-related start-up in the regulated market is between \$200,000 to \$3,000,000. This sum can include application fees, inventory, security systems, insurance, hiring employees, and renting/buying a storefront.

If you haven’t been able to locate an investor to help you get to the next level, don’t worry about a thing this section will go over your options. If your business is already funded, I encourage you to share your journey with our community!

## IS TRADITIONAL BANKING AN OPTION?

In short, probably not your big financial institutions such as Bank of America, Wells Fargo, or U.S. Bank. This also goes for CBD.

Another setback caused by cannabis federal prohibition is lack of banking access. Most banks are hesitant to engage cannabis companies, while others utterly refuse to do business with us. As an entrepreneur, I get it. Doing business with cannabis businesses is a risk for banks because a bank that engages a cannabis company is in violation of federal law, hence, it will not be insured by the FDIC. On one end, doing business with cannabis companies sets the bank up for additional oversight and liability due to the instability of a lot of cannabis start-ups; on the other, there is a profound fear that the feds could seize assets and bring an operation down which may affect the bank's book of business. For this reason, cannabis is primarily a cash industry. Some may think that's a good predicament to be in, nonetheless a cash-only business is a target for robberies and a potential madhouse when it comes to tracking cash payments for tax and regulatory purposes.

Furthermore, cannabis businesses are often denied access to traditional lines of credit, limiting their financial growth at every phase. Fortunately, those who are in this for the right reasons move mountains and get creative in order to make things happen. I know people who work a full or part-time job to fund their cannabis business. Other canna-preneurs raise money from friends, family, and angel investors in order to fulfill the start-up's financial needs.

The cannabis industry may be risky, but it's new and exciting so entrepreneurs and savvy investors see that as an opportunity to invest early in a novel industry. Also, as we discussed in previous chapters, the industry has experienced exponential growth. So, it has attracted angel investors who connect founders with needed start-up and growth capital. There are also a handful of start-up accelerators and incubators which focus on taking their cohorts to the next level through the availability of mentorship, advice, and resources. Check out The Vault section within the Appendix for more helpful resources.

Venture capital firms (VC) tend to play it safe, but still, a few key players have made significant investments in the cannabis space. This all may seem like a lot to do, but even if you close this book and don't start a

canna-business right away, at least you will know there are options for you out there. This may be a bold assertion, but I think the way the world is moving, cannabis will be fully legalized in America within the next ten years. At which point traditional banking may be accessible, but by then the market may have already established key players and consumer loyalty making the market share not as accessible as it is today. If you have expertise in the financial industry and think you can come up with ways to meet this need, this is an opportunity to solve a problem and claim your stake in the cannabis industry.

If you needed a sign, this is it!

## ALTERNATE FUNDING OPTIONS

Chances are that if you have been on the hunt for capital for your cannabis start-up the traditional way (banks, credit lenders, and other financial facilities), you've been turned down a few times, even if you have evidence of the fact that the business is legal and generating significant transactions. We've put together a list of alternative/creative funding sources for your cannabis start-up below.

### *Equity Funding*

This means to sell shares of your business in exchange for cash. This is actually the traditional way to finance a business in the cannabis space, in my opinion. Thus far, most of my clients have raised capital this way. In order to take this route, you have to know and be able to justify the value of your business, and understand what a term sheet is and how to make sure it protects your interest. This is not hard, but it can be tricky if you don't educate yourself as this involves giving another person or entity a piece of your canna-business.

### *Venture Capital*

There are a few venture capital firms that focus on funding cannabis start-ups, including Calvin Broadus' (aka Snoop Dogg's) Casa Verde

Capital. If you're at the growth stage, then venture capital firms are a viable option.

### ***Angel Investors***

To connect with angel investors, google AngelList. This site has a section for angel investors looking to invest in cannabis. An offline option is pretty much anyone who would give you cash to help your start-up get a foothold in exchange for a stake in the business.

### ***Crowdfunding***

Crowdfunding is absolutely possible for cannabis start-ups. [CannaFundr](#) and [Fundanna](#) are cannabis niched crowdfunding platforms. Wouldn't hurt to check those two out. Indiegogo and StartEngine, two mainstream (non-cannabis niche) crowdfunding sites, have approved a handful of cannabis companies to raise funds on their platforms as well.

### ***Debt Funding***

Debt is tricky for starting businesses because of the risk factor (adding more risk to an already significantly risky situation doesn't sit well with me, but you may feel differently) – nonetheless, depending on your business model and potential for revenue, debt funding is an option worth exploring if the numbers make sense on both sides of the equation.

### ***Personal Loans***

This is for my people with stable income and good credit. You may qualify for a loan to help you get started. To apply for a personal loan, you likely don't have to disclose the industry your start-up may be a part of. However, lenders usually ask about the use of funds.

### ***Credit Cards***

This option is recommended only for emergencies and amounts that can be paid back in a short period of time. For the long term, this financing method is a “no-no” because it can be very expensive.

Overall a cannabis start-up is an exciting and lucrative business, but circumventing the financial aspect of the space takes creativity and careful thought. So money should not be the reason why you don't take action as it is possible to get the funding you need, and as the industry continues to grow, the money will flow.

## PITCHING YOUR CANNABIS BUSINESS TO INVESTORS

Pitching to investors is something I used to fear. I remember listening to Duane talk to investors all day thinking, *Wow, it must be hard to explain the legal status*. The first time I pitched my business I was so nervous. But as I continued to speak about my business, I realized there is no one better to convey my vision than *me!* I still get the jitters; fortunately, cannabis helps me to cope with stuff like that.

It is absolutely amazing how the cannabis industry has matured and evolved in the past few years. About five years ago in CA, you could get away with pitching by simply saying you had a basement with a few lights and a few clones . . . fast forward to today, same plant but fancier packaging, more complex business models, and corporate suits want in on the investment action. And now top-quality pitching is almost always a requirement.

Similar to the tech industry, there are a few vital components in the pitch that need to be nailed in your presentation in order to even keep the attention of the investors. As you know the cannabis space is excitingly high risk, extremely volatile (emphasis on extremely), and new. There's a lot being processed right now by everybody: the medical community, the consumer, businesses, educational institutions, law enforcement, and politics. I'm sure that 99 percent of the people alive were born after the prohibition of cannabis was put into place. The aforementioned statement also applies to investors. This means that there's a lot of uncharted territory for everyone, given the state of the industry. The laws changing all the time and usually not in favor of the cannabis business, creating so many barriers of entry to the legal market and high taxation. The passing of the Hemp Farming Act of 2018 created opportunities for people looking to get into the

industry but also showed how unpredictable the industry could be, exhibiting that the market for the non-psychoactive aspect of the plant is just as worthwhile and robust as the market for psychoactive products. So, what I'm trying to say here is, in the cannabis space most investors are investing in the person.

How to be that person that wins over investors?

Number 1: Be candid and passionate, but don't BS. You are off to a good start if: the numbers make sense (cost of production, margins are good, proformas are in order), your business model is viable (unique solution and legally possible), you are able to convey a clear mission and actionable steps to get your start-up or business moving forward, the investor sees themselves building a strong business relationship with you, you are able to convey your passion and desire to make things happen, and you are able to connect on that level.

Number 2: Know your purpose. What is the problem in the industry that your company is actively working to solve? You should know this by now! If you cannot answer that question in a very clear and concise manner, your pitch will miss the mark. The need for your company must be explained very distinctly because that will paint a clear picture of the opportunity.

Number 3: Know the investor so you can pitch accordingly. If you're pitching to someone who is an active cannabis investor, they already know the industry's potential, so you may want to skip that slide or balance your presentation to cater to new industry investors and investors who are veterans in the cannabis space.

Number 4: Be prepared to know your vulnerabilities and how you will offset them. Every business can be copied . . . eventually. So how can you protect your company's market position? What prevents a competitor from duplicating your process or product?

At this point in the pitch, if you've been candid, convinced the investor that there is a need for your product/service, and conveyed how bulletproof your business model is, it is likely the investor will want proof of everything you proposed or claimed which brings me to a very important tip that I give my clients:

Number 5: Due diligence folder. This can be a Dropbox or Google Drive link where you put your organization's documents including: formation docs, executive summary, copies of licenses or permits, proformas and financial projections, competitive analysis, brand book, and

any asset that solidifies the opportunity and value set forth by your business.

Essentially, deal-making is part projecting authentic confidence, part displaying relentless faith in what you've set out to do, and part having a solid plan to carry it out. The goal of any investor pitch should be to help the investor(s) understand your business in the first three minutes.

We are down to the last stretch of the program and your journey, so I want to take time to congratulate you. You've gathered information and knowledge about all the vital tools to get your cannabis business off the ground! The following chapters will focus on giving you information that will help you to add more ammo to your arsenal.

## SHOP TALK – UNIQUE BUSINESS MATTERS IN CANNABIS

For some, working in the cannabis industry is a dream job. For others, the idea of working for someone else seems like a nightmare. Fortunately, for people who share this point of view, the growing cannabis industry coupled with a little entrepreneurial spirit can provide ample opportunity to pursue one's ideal career path.

That said, the path to being a successful canna-preneur is not all smooth sails – it can be full of confusing laws and regulations, steep taxes, and many other unforeseeable roadblocks and hoops to jump through. Running a business in any industry is not so easy, but take the rigors of operating a conventional business, stir in complicated laws and regulations, run them all through the ringer, and you're faced with the ever-so unique challenges and corresponding opportunities of running a cannabis business.

To help you dive a bit deeper, this chapter will focus on providing you with an overview of specific concepts, challenges, and opportunities that are unique to the cannabis space.

### REAL ESTATE

Depending on your business model (e.g., dispensary, manufacturer, lab, distribution), you may be on the market for real estate. Most states have requirements involving zoning, distance from schools and churches, etc., and will not approve licenses until the business location meets all the requirements. After the license is approved, the next step is to build out the space with the requirements for operation based on the state regulation and

your business plan including the necessary construction and modifications. Next, a Certificate of Occupancy is granted, and you can open your doors. This isn't always feasible for the kind of business you have in mind. Given the complexity of this particular unique cannabis challenge, I recommend hiring a consultant to help you to accurately navigate this process.

## TAX LAWS

Thanks to an obscure section of the [U.S. Tax Code](#), dispensaries can't write off expenses. Section 280E of the U.S. Tax Code stipulates that you can't write off any expenses (e.g., rent, wages, and upkeep) related to the distribution of a federally controlled substance; this applies to businesses handling THC related cannabis. But distributing does not mean "growing," so it is permissible under the tax code to write off the cost of goods sold. The costs of growing cannabis not related to "distributing" a Schedule 1 substance can be deducted normally. If you're a dispensary, delivery service, or a distributor, tax burden is a bit heavier than that of cultivators and manufacturing facilities.

Of course, cannabis taxation is hefty in America and it varies based on the municipality. That is one of the main challenges in the industry. But if the business makes sense, it's just a cost-of-doing-business nuisance, which eventually might relax once the industry is more mature. It would be wise to engage an accountant that's versed on Section 280E for your business accounting needs.

## INTERSTATE COMMERCE

Interstate commerce can potentially set the stage for legal states to move millions of people out of the black market while undoing the distorted siloed commerce environment the current regulations have created. The current law requires states to grow, sell, and consume their own cannabis. Such regulation goes against one of the basic laws of economics: produce where it's most efficient and sell where the demand is high. Adjusting the economics of the legal cannabis industry will benefit all industry stakeholders starting with the consumer. To date, the interstate commerce of cannabis remains illegal under U.S. law.

## MARKETING

Marketing and advertising regulations in the cannabis space are strict, period. And prohibition does not help as many marketing platforms cite that as the reason for restricting or outright banning cannabis ads.

Leafly, one of the major cannabis education and tech companies in the space, published a concise state-by-state guide to cannabis advertising that should help cannabis businesses remain compliant. You can find the link in the ‘The Vault’ section of the Appendix.

### *Sales and Promotion*

Cannabis consumers love a good deal. One can safely say that promotional deals are part of the cannabis culture. We’ve come a long way from the patient deals to more sophisticated systems such as loyalty programs and referral programs. Consistency is key as you only get one opportunity to make a first impression.

Jaxx Cannabis, a licensed medical dispensary in San Diego, CA, offers their members consistent buy-one-get-one options to provide more perceived value to the consumer and, in turn, create long lasting relationships with its members. Formulating the BOGO deal should result in a win-win situation for both the consumer (the more they buy, the more they get) and the business (cashflow and inventory move), so make sure the formula makes sense.

### *Social Media*

Facebook, Instagram, LinkedIn, Pinterest, Snapchat, Twitter, and YouTube all use prohibition as their excuse to strictly restrict paid and non-paid advertising of both cannabis, CBD, and hemp, as well as ancillary businesses. This is an unfortunate situation because these platforms have the ability to control geo-location, which means they can at least open up ads in the legal states. I feel like these platforms are leaving money on the table but at the same time are hiding “*the table*” from many small businesses in the cannabis space that are operating by the rules and if given the ad tools on social media, could potentially help a lot more people with

their products, services, and education programs. So, on these platforms I recommend not mentioning sales, prices, or promotions.

But enough of that negativity. As always, the cannabis industry thrives on paving its own path, which means there are cannabis niched social networks out there with millions of subscribers and tools to market to them:

- [Leafwire](#) : A cannabis social network targeted to businesses and professionals and calls itself the LinkedIn of cannabis.
- [MjLink](#) : Formerly known as WeedCircles, MjLink focuses on cannabis businesses and professionals.
- [Duby](#) : An app known for being a Privacy Protected Social Network for cannabis consumers.
- [Weedable](#) : You can create a business profile on Weedable to connect with individuals and other businesses within the cannabis space.
- [CannaSOS](#) : One of the larger cannabis social networks with a focus on cannabis consumers.

### ***Branding and PR***

If done right, PR can be one of the best marketing tools for cannabis brands. Strategic features and media exposure have helped plenty of cannabis companies to build brand awareness and sales. Social media restrictions have left brands with no choice but to turn to other avenues such as PR and sponsored content on credible publications. Traditional advertising is actually catching up with the times! I actually saw a five-second commercial for the cannabis brand WeedMaps on the Discovery channel app the other day. It would be interesting to know how much those five seconds cost.

High-quality content is key. I've grown several social profiles by providing unique, high-quality, and entertaining content based on real-life experiences. Our secret at Synergy is building relationships and partnerships with the cannabis community in Southern California. I can tell you, in a short amount of time it has paid off. As our following continues to grow, we are getting more offers to collaborate in the creation of brand experiences through content marketing.

## BUSINESS INSURANCE

Insurance is a requirement for plant-touching businesses. Insurance companies place a lot of value on risk assessment, as cannabis is highly risky. Hence, insurers are often reluctant to engage cannabis related businesses. Nonetheless, as the industry keeps growing, so does the number of insurance companies creating a dedicated section of their book of business to assess and insure cannabis related businesses.

## CANNABIS-SPECIFIC PAYMENT PROCESSORS

Most traditional banking services are off-limits for the cannabis space. That is due to the conflict between state and federal laws set forth by federal prohibition.

Fortunately, the challenge the banking situation has created birthed the alternative payment processors' opportunity. For a "reasonable" price there are plenty of nationwide payment processors willing to take on risks set forth from working with cannabis businesses.

That is why it is a good idea to shop around and compare different options because once you get locked in, switching can be about as fun as switching cable companies.

Cryptocurrencies and block chain companies are also an option for the cannabis industry and are definitely worth considering as long as you understand the concept and stay well informed. Using cryptocurrencies is a more efficient way to keep track of finances than cash.

## CANNABIS RESEARCH

Political barriers and the good ol' stigma had stifled cannabis related research and studies. The 2018 Farm Bill lifted those barriers for CBD so we should see a rise on CBD and hemp studies in the next few years as mainstream companies enter the CBD space (e.g., CVS, Walgreens, Estée Lauder). Prohibition will continue to hinder the THC market in America.

Keep this list of unique concepts in mind as you start to grow your canna-business. Additionally, it's a good idea to come up with your own solutions to the common challenges experienced by canna-businesses. If

you can't come up with your own solutions, then you will need to look for professional assistance to feel confident enough to grow your business. The cannabis industry in the United States is very fast paced, and navigating the industry with caution and mindfulness can make all the difference in the world for your sanity. Stay connected to the industry to stay ahead, and be vigilant to prepare for anything new that might change or surface that may affect the way you do business.

## THE SECOND ELEPHANT IN THE ROOM: SOCIAL EQUITY

I was originally going to discuss the importance of social equity in cannabis as part of Chapter 10. But I realized I would be doing a disservice to the cannabis industry, to my community, and most importantly, to my conscience. That's how important this particular topic is for you to succeed as a canna-preneur. Hence, I decided to allocate an entire chapter to it in order to freely and eloquently convey the information without leaving any stones unturned.

### SOLUTION-BASED THINKING: USING SOCIAL EQUITY TO PIONEER A MOVEMENT

The more I continue to learn about cannabis (the plant itself), the more I become aware of what it can do for the world. The demand for cannabis is exponential and global. Whether legal or illegal, cannabis is grown and consumed in every country. Research and the personal experience of millions in every generational group show that the plant has medicinal properties and is a versatile eco-friendly crop. I wholeheartedly believe the cannabis industry, can help us to bridge the socio-economic disparities the war on drugs created. But it seems as if we're taking such endeavor lightly, even though it is highly accomplishable! And, in my opinion, one way to do it is through an innovative approach to social equity programs that focus on entrepreneurial education, research, tech, and capital investments beyond cannabis.

I have been studying and navigating the regulated cannabis space for the last five years, and I have come to the conclusion that with cannabis, our generation has been granted the opportunity to build an industry that can help our environment in a radical way, that contributes to health and wellness in a revolutionary way, and that creates sustainable, financially viable economies across industries. All of which can be started through the implementation of initiatives that create solid business models that support the industry from within, attracting a diversified pool of high-quality investors, professionals, and operators. Despite the highs and lows of the cannabis business environment, it continues to thrive and evolve (even throughout a pandemic). The regulated cannabis space achieved multi-billion-dollar industry status with only a handful of fully legal states and a few operational companies. Yet, social equity is still underfunded, disregarded, and belittled.

So, what is social equity in cannabis anyway? A social equity program in this industry is meant to create pathways for those communities that have been disproportionately affected by cannabis prohibition to benefit from the financial success achieved by the regulated cannabis industry through the facilitation of ownership, business development, and educational opportunities.

Social equity is not to be equated with “diversity.” Social equity is also not a racial thing. It goes way beyond that and can serve as a pillar of the regulated industry if employed effectively. But most importantly, social equity programs in states where cannabis is legal are not yielding worthwhile results. This is an unfortunate situation for the industry to be in, given how much growth it has experienced in the last decade alone.

## THE PROBLEM

To date, all stakeholders of the cannabis industry have pushed for each individual state to come up with Social Equity programs. Why do we rely on the entities (the government!) that created the problem in the first place to provide us with the solution? It’s counterproductive, not to mention an undeniable conflict of interest, as the federal government benefits from cannabis prohibition, created the system that marginalized communities, and now (with legalization) gets to reap the benefits of taxation. Am I the only one that sees a problem with that equation?

The other issue is the industry landscape. The cannabis industry may be tough, but it is full of opportunities to both make money *and* pioneer a movement toward sustainability, wellness, and entrepreneurship. It is unfortunate to witness so many companies in “big cannabis” become influential giants in the space by glorifying the patient and social justice as a start-up, then diverting from the core values of the cannabis community and culture after exceeding a certain status and eventually failing as a business. Such a pattern adds to the stigma and tarnishes our collective legitimacy as a thriving industry.

Thus far, every state in the U.S. is doing their own thing with respect to addressing social equity. In California, for instance, each city has been granted the freedom to independently create their own version of cannabis regulation, ban cannabis, or completely disregard it by not addressing it. Despite being the largest cannabis market, roughly 30 percent of CA cities have implemented a cannabis program and only a handful have addressed social equity or social justice within their ordinances. Every state that has tackled the challenge of implementing a social equity program, including Ohio, California, Oregon, Colorado, and Massachusetts, has been criticized on the lack of results, unclear objectives, and untraceable progress. Illinois, a state with a gnarly cannabis prohibition history in areas like Chicago, made a bold move by basing their cannabis legislation around social equity. To date, it may be too early to measure the Prairie State’s social equity program’s ROI. But the fact that the state was explicitly intentional in its approach to remediating the effects of cannabis prohibition within its regulation indicates it has taken a step in the right direction.

Nevertheless, it is no secret that operating a licensed cannabis business is the most challenging, costly, and risky path to entering the cannabis industry. Most cities require the real estate to be secured in order to qualify as an applicant. As if that wasn’t enough, the regulations often have strict zoning rules. These requirements alone make the initial investment a hefty one, and at this point, the license application hasn’t even been submitted. Other requirements include having liquidity of at least \$250,000 or having no prior federal convictions (including cannabis-related ones). Being successful with a licensed cannabis business requires a solid team with good intentions, a sound and compliant business model, genuine relationships with the community, and access to capital. A lot of cannabis operators run out of money during the application and compliance stage

because of how lengthy and costly the process can be. These circumstances may apply to anyone who chooses this path, whether you are a social equity candidate or not. Past this path, capital infusions are also required for build-out, compliance management, and operational purposes.

There are not enough licenses available to realistically address social equity in cannabis in a manner that would result in proactive solutions to the conundrum cannabis prohibition created in our social fabric. I believe that by only focusing on awarding cannabis licenses to address social equity, we are missing the opportunity to pioneer the economic justice movement. The nature of this industry gives us the opportunity to make a radical change for economic equality. As canna-preneurs, canna-curious people, consumers, or stakeholders, our first step is to become aware of what we are fighting for by acknowledging the damage.

## THE SCOPE OF THE DAMAGE

Cannabis prohibition destroyed millions of families, ended millions of careers and dreams (other than growing, manufacturing, or selling cannabis), and created a socio-economic exclusion, which hindered the black and brown communities from economic development for several generations.

According to the FBI's Uniform Crime Reporting (UCR) Program, nine in ten U.S. cannabis arrests are for possessing the drug, rather than selling or manufacturing it. UCR reported that in 2018, 92 percent of cannabis arrests were for possession and 8 percent were for selling or manufacturing. The share of cannabis arrests for possessing the drug has inched higher in recent years given that in 2011, 87 percent of cannabis arrests were for possession and 13 percent were for selling or manufacturing it.

And then there are these numbers:

- Black Americans are four times more likely to be arrested for cannabis charges than their white peers. In fact, black Americans make up nearly 30 percent of all drug-related arrests, despite accounting for only 12.5 percent of all substance users.
- Black Americans are nearly six times more likely to be incarcerated for drug-related offenses than their white

counterparts, despite equal substance usage rates. Almost 80 percent of people serving time for a federal drug offense are black or Latino. In state prisons, people of color make up 60 percent of those serving time for drug charges.

- In the federal system, the average black defendant convicted of a drug offense will serve nearly the same amount of time (58.7 months) as a white defendant would for a violent crime (61.7 months).
- People of color account for 70 percent of all defendants convicted of charges with a mandatory minimum sentence. Prosecutors are twice as likely to pursue a mandatory minimum sentence for a black defendant than a white defendant charged with the same offense, and black defendants are less likely to receive relief from mandatory minimums. On average, defendants subject to mandatory minimums spend five times longer in prison than those convicted of other offenses.

Now compare the above numbers to the most optimistic results any of the currently implemented social equity programs will yield by awarding a handful of licenses here and there. We can easily conclude that focusing on licenses alone is not going to even scratch the surface to mend the implications of cannabis prohibition.

## SOLUTION-BASED THINKING

Cannabis is medicine. The cannabis wellness movement and industry were built on the backs of medical patients. All legislation and strides for normalization have relied on the powerful and impactful stories and experiences of people who have treated illness with cannabis. These stories and scientific evidence have pioneered a movement that has birthed a multi-billion-dollar industry. But social justice plays an even bigger part. The fact that people are in jail for something others are freely doing today will always be an elephant in the room for the industry if not actively corrected. Thus, developing solutions to provide more follow-through support for criminal record expungements and expeditiously releasing those with non-violent cannabis convictions from prison should be a priority, not an

ambivalent discord. Furthermore, it is just as important to foster the development of childhood education initiatives, as these are essential in combating decades of D.A.R.E. programming and dismantling relations regarding law enforcement instilling fear into communities.

In order to effectively position people to succeed in communities disproportionately impacted by prohibition, future social equity programs must focus on providing significant and immediate economic benefits. While there is an emergence of social equity incubators, accelerators, and models of support being built to help, cannabis-only related programs alone will not result in the desired quantifiable outcomes that can remediate the damage caused by cannabis prohibition nor maximize the potential of what we can accomplish with cannabis and hemp for the world.

As a cannabis entrepreneur and advocate, I am done waiting. I am committed to dedicating my businesses to creating an ecosystem of cannabis plant-touching and ancillary businesses with an integrated mission to build and support social equity programs that are in alignment with the following objectives:

- Bridging the gap between investors and POC cannabis business operators.
- Educating POC founders to elevate their understanding of capital management and financial models, developing calculated strategies and building strong teams that focus on execution.
- Developing strategic partnerships to create (not request) social equity and wealth in the regulated industry.
- Funding programs that organize, advocate, and promote efforts to radically change and improve the criminal justice system and reduce incarceration.
- Proposing sustainable solutions to redirect cannabis tax dollars to education, innovation, and healthcare reform within communities that have been most affected by the war on drugs.

Social equity programs are meant to help people. For cannabis, an industry notorious for the criminalization of black and brown folk, it's about more than just race and business. It's about the opportunity to restore communities from the ground up. What better way than by cannabis to do that?

## RELENTLESS RESILIENCE

We covered a lot of information, and that is just the tip of the iceberg. But you should be feeling good about how far you've come. I am proud of you and the fact that you have stayed the course and are on your way to change the world with your cannabis business.

The reason you are reading this book is because you became conscious about the opportunities the cannabis industry sets forth. Evidence shows that the cannabis industry is one of the fastest growing industries in the world. Hence, you and I, plus many other entrepreneurs, regularly enter the space in search of ways to get a piece of the green pie. There are many opportunities to join the industry with a plant-touching business and even more opportunities to support the industry via the ancillary route. Nevertheless, it is important to understand that for many canna-preneurs, the barriers to entry combined with daily operational hurdles make it difficult to navigate the space long enough to generate a profit, let alone to grow the business. Your chances of achieving success decrease if you don't have a solid foundation and support system.

As you are aware, cannabis is a highly regulated industry and the regulatory process varies from city to city and state to state. The business environment is extremely dynamic, but achieving success is possible as many profitable cannabis businesses have proven. You can be successful in this industry if you have the right team, grit, passion, and perseverance.

Starting a business in cannabis, or in any other industry, requires precision from the very beginning. This means investing in compliance, insurance, finance, and tax support from experienced professionals who understand the industry and your business model. We've covered some of

the unique challenges and difficulties cannabis entrepreneurs encounter including finding financing for their business, navigating tax, and securing real estate. You'll need help to ensure your cannabis plant-touching business is set up for success, because the costs of getting it wrong could mean paying high fines or closing your doors before getting a return on your investment.

The only constant in this industry is change. You'll face a lot of it along with uncertainty and anticipation as the industry continues to evolve. State and local laws change frequently, and keeping up with the changes is a job in itself. Trust me, I know. I chose the path of compliance and licensing because I wanted to help people. The cannabis operators I met when I first started wanted to take a crack at obtaining licenses in their municipalities but were not apt (nor interested) in the administrative work that it takes to complete the application process. I saw that as an opportunity not only to help out entrepreneurs in need but to learn the legal cannabis landscape from its most basic point: its requirements. Within my first few months, I learned a lot and proceeded to educate my clients to stay in front of the macro- and micro-environments and the competitive threats, and to be flexible enough to adapt expeditiously. Hence, I cannot emphasize enough the importance of compliance in cannabis. I'll say it like this: This shit is mandatory. It is essential for your business to have a dedicated compliance manager or for you to do it yourself, and do it extremely well.

By 2024, big data companies project that the legal cannabis industry in the U.S. will be worth over \$40 billion and will experience exponential growth at a global scale. Some people say it takes money to make money. I say it takes value to make money. Everyone who knows me knows I personally love money. Money hasn't wronged me at all! So why would I hate it? Some entrepreneurs are attracted to this industry because the media makes it seem like the cannabis plant yields more money than it does flower! This is triggering a flood of all kinds of entrepreneurs, investors, and professionals (both good and bad) who come into the industry and experience a different reality. Experience is not necessarily the fact that taints their reality, it's actually the lack of preparation and support to navigate the dynamic cannabis business environment. Set your intentions and focus on solving a significant problem for a lot of people. The money will be a byproduct of how effective the solution you provide is.

The other thing is that you simply cannot wear all the hats yourself and expect to grow. The moment crucial operation tasks start falling through the cracks, you should see that as an opportunity to hone your leadership skills. In other words: It's time to build a team. Be humble. Take the time to identify the business' vulnerabilities and your areas of opportunity due to lack of expertise, and pinpoint the specific areas in which you could use the extra brain. Use that data to build a high-performance team that focuses on execution and aligns with the business' mission and vision.

To be successful as a canna-preneur, it is necessary to choose a business model that leverages what *you* bring to the table. The experience will come with time and exposure. Your starting point should be assessing your strengths, knowledge, passion, talents, and skills, then identifying a problem in the industry that hasn't been met and providing a solution for it, becoming versed in compliance (or employing someone to manage compliance for you so you can focus on managing the business); you'll have much better odds for success.

As a canna-preneur doing business in the 21<sup>st</sup> century, where due to technology there's a thin line between personal affairs (aka personal brand) and your business' brand, investing in both brands is a necessity. This includes being a good leader for your team and establishing credibility and trust in your community, within the industry, in the media, and with all stakeholders. If the aforementioned audiences do not perceive you as trustworthy and capable of doing your job, the chances of survival in this industry are slim to none.

Google and YouTube may be your friend, and you can conduct intensive research online, but how long will that take? This is especially true if you have limited knowledge of the business of cannabis. Risk is the name of the game in this industry, so why assume more risk by doing it alone? All businesses have associated risks, but the cannabis industry is unique and still in its infancy.

The program I present here and the accompanying resources are meant to help canna-preneurs analyze the industry, understand the situations in which they find themselves, establish priorities among the unique opportunities and problems they face in the regulated cannabis space, and make rational decisions about participating in the regulated industry. This program, which is based on the combined experience of several start-up ventures over five years, doesn't prescribe all the answers. Instead, it helps

canna-preneurs pose useful questions, identify important issues, evaluate problems, and implement solutions. The framework applies whether the canna-preneur owns a recently launched CBD drop shipping site looking to grow their market share or a multi-state cannabis dispensary seeking millions of dollars in sales. And it's applicable at almost any point in a venture's evolution. Canna-preneurs should use the framework to evaluate their company's position and trajectory often (not just during the start-up phase).

Helping canna-preneurs enter and successfully navigate the regulated industry is what we do best at Synergy. Throughout the years, we've gotten pretty darn good at creating systems, streamlining processes, and minimizing the concerns of entrepreneurs in the legal cannabis space in need of assistance with compliance management, business coaching, business development, and resources.

Many new canna-preneurs are tempted to cut the line or hack the system to get to their dreams that much faster. I understand this completely because, at the beginning when everything seems impossible, the thought crosses everyone's mind. But if you get to the top of the mountain by a hack you will not have the skills and experience needed to navigate the tough terrain. This is why, within five years of winning a jackpot, 80 percent of lottery winners end up in a worse financial situation than they were in before they were handed that big check. They don't value the wealth because they did nothing to earn it. They never had to struggle to get it and don't have the tools or mindset to handle that amount of money. I know it's hard climbing your own personal mountain. You will stumble, fall, and fail again and again. That experience is what gives you the tools needed to navigate the tough terrain. Don't be in a hurry. Take your time. Enjoy the process, not just achieving the goal. If you fall in love with the grind, you will enjoy the long journey up your own personal mountain so much more.

With that being said, I have a few questions for you:

What's your resiliency temperature?

How many roadblocks is it going to take to make you give up? Five? Thirteen? Seventy-seven? What about after the ninetieth roadblock?

Are these questions making you even more resolute to succeed? Or giving you anxiety? A little fear is actually a good thing. But if fear is still holding you back, don't worry. Just view it as a sign to build a support system around you. We can help you with that. Synergy helps canna-

preneurs get their business in order and carve a successful path for compliancy in the space.

Look, no one said living the lifestyle of a successful canna-preneur would be easy. But I can assure you based on my experience, and the experience of my clients and business partners, that it is most definitely worth it.

## THE SUCCESSFUL CANNA-PRENEUR MINDSET

In this final chapter, I'd like to share with you how it all ties together. Information about cannabis, the industry, trends and projections is very important. But the control you have over that is very limited. At this point, you might be wondering how can one person navigate such a mercurial industry and meandering path to success? The answer is: mindset. Mindset is something I could write an entire book on, but in my last note to you, I am going to try to capture the main ingredients that make up the Successful Canna-preneur Mindset.

Both anecdotal and scientific evidence support the premise that entrepreneurs approach their work and life in a distinctive way. The Successful Canna-preneur Mindset is characterized by a set of skills including preparation, creative thought, communication, critical thinking and problem-solving. These skills help canna-preneurs overcome challenges, identify and make the most of opportunities, and succeed in the budding space (or any industry for that matter).

The Successful Canna-preneur Mindset is, simply that, a certain way of thinking. At its core, the Successful Canna-preneur Mindset is a set of characteristics, behaviors and skills that drive creative thought and action. A person with the Successful Canna-preneur Mindset recognizes an otherwise overlooked opportunity in the cannabis space, develops the confidence to take a risk, communicates their ideas clearly, and is able to adjust to and learn from setbacks. Taking intentional steps toward achievement and innovation are important predictors of successfully starting and managing a business (including a cannabis one).

In 2013, for the first time since 1978, the number of new business startups in the U.S. was outnumbered by business closures. This is troublesome, because new business development generates a wave of financial growth and benefits, including job creation, tax revenue and market efficiency. Nurturing a new generation of canna-preneurs, who can start and operate cannabis businesses of all sizes, is essential for economic growth and legitimization of the industry.

Since inception, one of the main objectives of my businesses in cannabis is to ultimately create an eco-system of sustainable businesses that attract high quality canna-preneurs, investors, creatives, and customers; who's interests include eradicating the stigma, exploring the therapeutic benefits of the plant, championing innovation and groundbreaking R&D, use social equity as a tool for socio-economic innovation, and are focused on making more green.

Back in the day, it was believed that entrepreneurial success comes as a result of perfect timing meeting brilliant ideas in a cosmic moment of alignment. That archaic notion has been trumped by evidence from recent research which indicates that entrepreneurially successful people are successful for specific reasons. Many of them highly display certain personal skills. The attributes of entrepreneurs can be taught, learned and developed at the any point in time in life, and further honed throughout an entrepreneur's career. This also applies to canna-preneurs.

Not every person is a natural born canna-preneur, but there are ways to teach yourself canna-preneurship, to develop many of the entrepreneurial personal traits and to embrace the mindset of the world's most successful leaders and innovators. In this section you will find my recommended way of thought and action (the secret green sauce) in order to succeed in the cannabis space, collectively addressed as the Successful Canna-Preneur Mindset. This certain way of thought can help you to develop your talent and personal mindset in a way that will get you one step closer to becoming The Successful Canna-preneur that you want to become. In the next sections, I discuss the four main components of the Successful Canna-preneur Mindset.

**BE PREPARED**

Read, research, write, question, repeat. Successful canna-preneurs are ok with not having all the answers. They are curious, eager to learn, motivated to improve their skills and never stop trying to become better and better at what they do and who they are. Successful canna-preneurs believe that they should grow as professionals and aim to improve their skill sets.

There is so much to learn about cannabis: the science, the culture, the business, the laws, etc. Pick a topic you are passionate about and explore it in an unbiased manner. Dedicate time to read, learn new concepts, keep abreast with innovation and regulation. Develop your own fair-minded outlook with respect to the current state of the industry. Remember the compound effect and the 10,000 hours of application or testing can catapult you into becoming a subject matter expert in no time. Consistency is key. Start small and build yourself up.

In order to succeed as a canna-preneur you must understand and be able to communicate the benefits and value the plant. Such understanding should drive your “why.”

One more thing, study great people and their habits, thought process, systems creation in all industries (not just cannabis).

Be curious, understand, identify, solve, repeat. Make it a point to have at least a basic understanding of the business of cannabis. Perhaps, you are a creative and think you are bad at numbers. Resolve that by teaming up with someone who can do it for you, someone you can learn from, or teach yourself. “I don’t know how” or “that’s not my thing” mentalities are excuses. If it’s going to take you to the next level, it’s worth learning. Having a basic understanding of business will prepare you to lead a team, delegate, ask the right questions, and to set the right expectations.

Map out the cannabis industry. Making it a habit to track and understand the beat of the industry, will make you hyper-aware of opportunities. Due to its youth, the cannabis industry is experiencing a lot of growing pains. These can be predicted and avoided by staying informed and aware. Training yourself to see or predict the changes and challenges will lead you to identify and foresee the opportunities.

Map out your resources. Chances are you are good at something. If you are reading this book and got this far, you now have information. That’s a resource! Or as I like to call it “information is a weapon of mass creation”. You have that now so own it. In addition, you can count me as a resource. Through this program we have gotten pretty acquainted. Feel free to reach

out to me and my team ([www.thesuccessfulcannapreneur.com](http://www.thesuccessfulcannapreneur.com)). Once you know what you have, it's time to provide value wherever you go. Be intentional about leaving those whose lives you touch (personally and in business) with the impression that you are an advancing person, a doer, someone who does what they say they are going to do, and implements a solution-based thinking in their approach to creating and building with others.

Visualize, take action, repeat. Visualization is not wishful thinking, far from it. The mind is a muscle and it can be built and molded. Many athletes including Olympians use visualization to excel in sports. Research shows that people who imagine themselves performing a task, significantly improve their performance in that task. In addition to that, seeing the end goal clearly in your mind, motivates you to go for it! The clearer your vision, the more driven and inspired you will be to keep pushing forward. With that being said, visualize the best-case scenario. See it, feel it, then do something that brings you one step closer to realizing your vision. Take action! Look something up, read a book or an article, write, contact someone, ask something, do something, big or small. Small progress is better than no progress. The Successful Canna-preneur knows that the past has brought you as far as your present moment. And your present is in the process of building your future.

## FOLLOW THE MAGIC

Live a life of passion. Most people don't follow their passions due to fear of what others will think. You owe it to yourself to make the most of yourself and live a satisfying life. Be honest with yourself and do things that excite you. Then incorporate those things into your cannabis business. My passions include cannabis, filmmaking, media production, fashion, entrepreneurship and personal development. I intentionally incorporate all those things into my business as pursuing those things makes me happy to wake up in the morning and live my best life. Three byproducts of pursuing those things include building a community, helping people, and making money. I made the decision to truly commit to my passion and to consistently shift my focus to see possibilities.

Be a creator not a competitor (innovate, compliment) If you want to make an impact, you should refrain from having a 'traditionally'

competitive mindset. The traditional competitive mindset involves rivalry. It makes you focus your entire energy on your competitor and following them step by step and making decisions based on them. A competitive mindset will always make you play the catch-up game. Focus more on yourself while learning from your competitor's mistakes. The Successful Canna-preneur mindset involves creative thought and action toward building a cannabis business with purpose. If you are focused on creating value and honing your craft, time becomes relative as the fear of missing out will be completely reduced. Your mindset will become "if you don't catch the opportunity today, another will come tomorrow when you're ready". Therefore, focus your energy and positivity on nourishing your creative mind.

In business, you've probably heard about the "first mover advantage." The first mover advantage concept indicates that the first entrant into a market captures significant market share while competitors scramble to get started. That can work, but moving first is a tactic, not a goal. What really matters is generating cash flows in the future, so being the first mover doesn't do you any good if someone else comes along and unseats you. It's much better to be the last mover – that is, to make the last great development in a specific market and enjoy years or even decades of monopoly-esque profits. The scalable potential of future cash flows is what gives companies like Tesla and Apple their current valuations. These concepts apply to start-ups and established businesses in the novel cannabis industry as well. The Successful Canna-preneur uses this approach when determining which problem their cannabis business will solve.

Value versus judgment. The Successful Canna-preneur mindset involves measuring the value of a transaction between you and another person (or entity) by the amount of value it sets forth in the present or in the future. The value of the exchange may be intellectual, material, financial and even spiritual. And the transaction may be business or personal. Instead of spending time casting judgment on someone, an entity (i.e., competitor), or a situation, use that time to think how you (or your business) would overcome the challenges being faced, what changes would you make if you were in their position. One of the core things I learned early in my journey in cannabis is that the industry is small and you might encounter the same individuals or businesses in different capacities and circumstances. When the winds change, at times you will be the person or entity lending a helping

hand, and other times, the person or entity in need of assistance will be you. Be prepared and be humble. Remember the cannabis culture of community and creative thought. You never know when the opportunity to partner (help them out, invest, or buy them out) might knock on your door. That's what we call around these parts being prepared to bring value when the opportunity arrives and using your time, energy and brain cells in a productive and efficient manner.

## LOOK FOR VALUE, DON'T JUDGE

Network, give, receive, repeat. Successful canna-preneurs work hard to build a strong network, support systems, and valuable connections inside and outside of the cannabis industry. They are ready to expand their network and strengthen their connections with other people who can inspire, motivate, advise or mentor them and vice versa. Networking should be viewed as a value exchange as well. Apply the value versus judgment hack when networking and watch the magic unfold as you attract the right individuals and teams into your circle, become hyper-aware of opportunities, and leave an impression of increase on everyone you touch.

In almost every case, entrepreneurs in all industries never get to success alone. The best of them usually understand that it takes a network of contacts, business partners, financial partners, peers and resources to succeed. Successful Canna-preneurs nurture these relationships and surround themselves with people who can help to make them more effective as a good leader is only as good as their support system.

The Successful Canna-preneur helps other people to achieve their dreams and goals. They are happy to see that others succeed, because canna-preneurship is all about achieving something great within the cannabis space that can be beneficial for everyone, not just for one person/business (nor just for those in the cannabis space). But most importantly, The Successful Canna-preneur is mindful of their own time, energy and overall health (physical, mental, financial) while supporting others.

Build, test, hone, repeat. Starting something new (in a new industry) on your own requires that you learn how to do it properly, prepare diligently, seek feedback from experts, then execute with minimal expectations. If you're starting small in the cannabis industry (i.e., small ancillary ventures),

chances are you will have to build your business alone first. Set realistic expectations for how quickly your business could take off. Know your business model and product/service/offer inside out. Take ownership of your vision by doing the job yourself first. Test it out with as many clients as possible, then when you are ready for growth expand accordingly. Building a team without a clear understanding of what's being sold and how revenue is made is a recipe for disaster. The Successful Canna-preneur has a clear vision and works toward it. At the visionary and leader of your cannabis business your actions should illustrate your vision. Those in alignment with your vision will emulate your actions and contribute to helping the organization get to the next level.

## PERSEVERE

Relentless perseverance means you need to be able to adapt. What contributes massively to the success of a canna-preneur is relentless perseverance and effective prioritization. Most people often give up slightly before they pivot. The Successful Canna-preneur takes the time to analyze where the mistakes were made and spends positive energy on recovering as swiftly as possible. There will be mistakes. But in this industry, The Successful Canna-preneur doesn't feel sorry for themselves when facing a tough lesson. They get up and find a way to keep pushing.

Strategize. Look close at people who are successful today, you will find that they went through hell before things turned around for them. It's part of the game. Many people avoid failures and prefer their comfort zone. But if you are serious about becoming a Successful Canna-preneur, you need to perceive roadblocks as stepping stones to success. Everything you do is part of the learning process and overcoming each obstacle is a new shield you can place into your learning vault. The more shields you collect, the better you're off. So, don't be afraid of failures and challenges, embrace them. The Successful Canna-preneur sees them as an opportunity for growth and manages them as projects that need to be accomplished. One more thing, stay positive and have faith that things turn out fine. They always do.

Be intentional. The Successful Canna-preneur Mindset encourages individuals to make every move with their end result in mind. This goes back to your clear vision. Knowing exactly what you want and where you want to be, will guide you in making the decisions that will help you

achieve it (with limited risks, increased odds!). Being intentional will inherently develop your ability to take calculated risks and accept uncertainty better than most.

## BONUS SUCCESS INGREDIENT: THE T.E.R.P.S. FORMULA

The secret sauce lies in the effective and efficient management of your time, energy, ROI, productivity, and synergy (T.E.R.P.S.).

*Time.* The Successful Canna-preneur is patient and manages time accordingly. Never obsess about past mistakes. Learn from the past and move on. Successful canna-preneurs concentrate on the present moment and aim to do their best at this very moment because this is what your future will be based on. As canna-preneurs who inevitably wear many hats, managing time can get tricky. Especially when it's tempting to work all day to grow the business. But being successful doesn't mean being a slave to your work. Learn how to use, keep, and multiply your time.

*Energy.* The Successful Canna-preneur harnesses, manages, and shares energy. Choose your emotional battles carefully and avoid stressing about things that you cannot control. At first, this may feel uncomfortable due to our innate habit of "reacting". But once you're comfortable it will be a liberating feeling. This feeling will help you to concentrate on the important things, which you can actually do something about, not on the things, which you can't control. The Successful Canna-preneur looks for the opportunities in the problems, not the opposite. Train on how to use, keep, and multiply your energy.

*ROI.* The Successful Canna-preneur identifies ROI in every transaction or exchange, understands how to use it, keep it, and multiply it. Become cognizant of future value, and short-term return. Most people know how to make money, only a few know how to keep it and very few know how to multiply it. The rules of money haven't changed in centuries and there taught in the books such as "*The Richest Man in Babylon*". Even if currency has changed (bartering to crypto), the concept of the value of money has not been affected. You don't need to become a financial advisor but you need to nail the fundamentals and make the money mindset part of your daily life. The Successful Canna-Preneur values money and uses it as a tool to achieve their goals. In order to become more successful in business

as well as life, you need to learn how to use, keep, and multiply your money.

*Productivity.* Productivity is one of the many keys to success. At the beginning stages a company's productivity is directly related to its canna-preneur's personal productivity. In the larger context, the actions or decisions of the business owner largely affect the company's productivity. The Successful Canna-preneur works harder on oneself so as to achieve productivity, and identifies the various things that hinder it. Identifying these problems and fixing them in an accurate manner brings about improvement in one's life and business. Discipline is key to be productive.

*Synergy.* Synergy and alignment mean that the inside thoughts need to match the outside words and actions. We all want that inflection point that's going to turn our growth from a flat line into a hockey stick. But the reality is that there's no silver bullet that's going to get you from zero to success. It's going to take time, lots of hard work, and doing many little things right. The Successful Canna-preneur aims to gain as many small wins as possible, every single day. Continue the process indefinitely and watch yourself grow.

## WHY I WROTE THIS BOOK

I wrote this book because I have a deep desire to create a sustainable cannabis industry comprised of resourceful leaders who focus on creativity, community, and the pursuit of financial freedom through following their passion for cannabis. There are so many opportunities in this space but, due to the lack of reliable information, many are reluctant to enter the industry in fear of what they think in their mind is the worst thing that could happen: losing it all due to prohibition.

Personally, I think prohibition can be seen as an opportunity in many ways. Number one, prohibition serves as a barrier to entry as it will keep people from entering the space. Hence, your competition pool will not be as vast as it could be if federal prohibition was not a thing. Number two, it serves as an opportunity for social justice reform and advocacy. By investing in the industry and spending your energy in seeing it through, you contribute to the bigger picture, which is sharing the message that the cannabis plant is good and beneficial. Not to mention, it can help a lot of people with wellness, and our environment with eco-friendly and

sustainable practices within industries that are the backbone of society (healthcare, paper, plastic, cultivation, biofuels, waste management, and many more).

This book is for individuals looking to contribute to the space from a genuine place but also wanting to make money. If I can do it, anyone can. The secret sauce is to wake up every day with a plan to make every minute count. If there's one thing I want people to get out of reading this book it is to start looking within, then connect with how the cannabis plant helped you, identify your strengths, identify problems within the industry that your strengths can provide solutions to, devise a plan to propagate your solution, find ways to optimize and automate the solution based on feedback and experience, then collect the checks. Putting it that way sounds easy, but it's far from it. For that reason, there's a chapter called Relentless Resilience. In that chapter, I cover the challenges but also go over why it is worth it in the end. In addition, I let you know that you don't have to do it alone. I can help! And I am willing to help because a sustainable and healthy industry means everybody wins and that's what I am about: win-win or no deal.

That being said, we can change the world with cannabis and hemp and make money while we are at it. When you join the cannabis community, you gain a family. The community is about sharing the plant and sharing information about medicine, entrepreneurship, science, and creativity. The community is as diverse as the world and you don't have to sell cannabis to be a part of it. There are many ways to get engaged in the industry, elevate it, and contribute to financial sustainability, advocacy, and social justice. This book helps people identify these areas and match them to the reader's objectives. Alignment is a big deal to me. Therefore, making sure beliefs, goals, and resources are all in alignment with action is key to a successful canna-preneurship journey. I have witnessed many businesses come and go, I have seen many entrepreneurs win and lose, I have seen legislation that helps and legislation that makes things tougher, but the one thing that remains consistent besides change is the resiliency of the canna-preneurs who are in it for the long run. This level of creative business acumen is not talked about enough in the media, as mainstream media mostly focuses on controversial headlines about the industry's billion sales numbers, consumption rates, DEA involvement, fraud, or medical related stories. They barely focus on the backbone of the industry: the people pushing the

industry forward. My personal agenda, business ventures, and this book are meant to empower the change I want to see in the cannabis space.

## APPENDIX: THE RESOURCE VAULT

This appendix is full of tools and information to encourage you to take action. I've gathered over 100 resources to help you streamline your research process. From marketing and finance tools for businesses to consultancy and advocacy groups, we have resources for professionals, entrepreneurs, investors, and canna-curious individuals.

Here are some helpful resources

### *Consultancy & Licensing*

- [Licensing & Acquisition](#)
- [Cannabis Content Creation](#)
- [Cannabis Business Development & Coaching](#)
- [State-by-State Guide to Cannabis Business Licenses](#)

### *Regulations & Social Equity*

- [State-by-State Map of Notable Cannabis Business Regulations](#)
- [The Guardian explores why it's so hard to make money in legal cannabis](#)
- [Information on how to become a social equity applicant in Massachusetts](#)
- [Information on how to become a social equity applicant in Illinois](#)
- [Information on how to become a social equity applicant in Michigan](#)

- [List of Cannabis Trade Associations](#)
- [Cannabis Real Estate Consultants](#)
- [420 Intel](#)
- [420 Property](#)
- [MJ Business Daily](#)
- [Weed Rentals](#)

### *Social Media, Marketing & Advertising*

- [Leafwire](#)
- [MjLink](#)
- [Duby](#)
- [Weedable](#)
- [CannaSOS](#)
- [State-by-State Cannabis Marketing and Advertising Guidelines](#)
- [Small Business Marketing](#)
- [Brand Development](#)
- [4 Things to Consider for Marijuana Dispensary Marketing](#) – from Indica Online
- [Dispensary Digital Marketing Strategy](#) – from Foottraffik
- [10 Best Ways To Market Your Cannabis Business Online](#) – from Women of Cannabiz
- [Marijuana Advertising Agencies](#) – from Ganjapreneur
- [The World's First Cannabis Marketing Agency](#) – from CannaBrand

### *Education*

- [Oaksterdam University](#)
- [Trichome Institute](#)
- [Cannabis Training Institute](#)
- [Cannabis Career Institute](#)
- [THC University](#)

### *Start-Up Accelerators*

- [Blinc Group](#)
- [Cann10XL](#)
- [Canopy Boulder](#)
- [Gateway](#)
- [Greenhouse Ventures](#)
- [Hood Incubator](#)
- [Invest420](#)
- [LeafForward](#)
- [Macaverde](#)
- [Marijuana Accelerator](#)
- [Sira Accelerator](#)

### *Venture Capital Firms*

- [Cannabis Investment Fund Directory](#)
- [Altitude Investment Management](#)
- [Arcview Group](#)
- [The Arcview Group](#)
- [Canna Angels, LLC](#)
- [Cannabis Capital LLC](#)
- [Canopy](#)
- [Casa Verde Capital](#)
- [Dutchess Capital](#)
- [Emerald Ocean Capital](#)
- [Gateway](#)
- [Green Acre Capital](#)
- [Green Growth Investments](#)
- [Gotham Green Partners](#)
- [Greenfield Capital Partners, LP](#)
- [Halley Venture Partners](#)
- [Merida Capital Partners](#)
- [Navy Capital](#)
- [Poseidon Asset Management](#)
- [Privateer Holdings](#)
- [Salveo Capital](#)
- [Serruya Private Equity](#)
- [Tress Capital](#)

- Tuatara Capital

*Staffing Agencies*

- HempStaff
- Viridian Staffing
- Vangst
- Ms. Mary Staffing
- ZipRecruiter
- THC Talent Solutions
- Green Force Staffing
- Emerald Employment
- CannaMed Talent Solutions

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- [National Institutes of Health](#)

- Institute of Medicine , Time , Marijuana Legalization: What Everyone Needs to Know

## ACKNOWLEDGMENTS

I want to thank:

God for always having my back.

My Mother for being my inspiration and my rock.

My partner, Jojo, for being my best friend and my North Star.

My sisters, Johanny & Rafalea, for an unbreakable bond.

My mentor and brother E. Duane Alexander.

Tio Julito, Mami Joselyn, Julio A., Juan, Alethia, Johnny + Jack, Katie, Kiara, Rene, Greg, Dom, Shaggy, Duane V., Kevin, I couldn't have done it without y'all!

Pickens Creative, Sheba Venture Partners, Veterans Walk & Talk, PowerFuel Damas for being indispensable.

I want to thank the Synergy community and the SoCal Cannabis Community for the unmatched support.

I want to thank God again, because without God I wouldn't be able to do any of this.

Last, but not least, I want to thank the cannabis plant and the cannabis community for saving my life.

## ABOUT THE AUTHOR



JM Balbuena is a legal cannabis compliance subject matter expert and business consultant. She is the founder of Synergy, a full-service cannabis industry consulting firm, specializing in commercial cannabis consultancy and tech entertainment. Her latest Synergy Studios project, Cannabis Synergy, is a live variety show that invites guests to share real stories of how cannabis has impacted wellness, lifestyle, and culture. Industry experts, advocates, and influencers join in to discuss the latest trends and happenings in SoCal and the world of cannabis. JM's vision is to continue to facilitate straightforward conversations in an educational setting about the cannabis plant. JM is a U.S. Navy veteran who lives in San Diego, California.

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*Steal Your Skills from Corporate: Use Your Professional Talents to Become an Independent Contractor* by Katrina Roddy

*Heal Your TBI: The 7-Step Approach for Recovering from a Traumatic Brain Injury* by Gail Waitkun

## THANK YOU

I love each and every one of you who opened this book and committed to reading it from the introduction to the conclusion. You are super awesome!

As a thank you, I've created an interactive training program for discussing effective business strategies aimed at new and established entrepreneurs who want to stake their claim and invest in the burgeoning multi-billion-dollar legal cannabis industry. Sign up at [www.thesuccessfulcannapreneur.com](http://www.thesuccessfulcannapreneur.com).

Bring The Successful Canna-preneur message to your organization, convention, or event. We offer keynotes, workshops, and seminars. Visit [www.thesuccessfulcannapreneur.com/events](http://www.thesuccessfulcannapreneur.com/events). JM Balbuena also offers consulting and coaching services to guide you on your journey. Visit [www.thesuccessfulcannapreneur.com](http://www.thesuccessfulcannapreneur.com). To hire JM to speak at your next event visit [www.thesuccessfulcannapreneur.com/hireJM](http://www.thesuccessfulcannapreneur.com/hireJM). For more information on all the platforms and services Synergy has to offer visit the sites below.

## WEBSITES

The Successful Canna-preneur: [www. TheSuccessfulCannapreneur.com](http://www.TheSuccessfulCannapreneur.com)

Synergy Studios: [www.SynergyStudios.tv](http://www.SynergyStudios.tv)

Balbuena Consulting: [www.BalbuenaConsulting.com](http://www.BalbuenaConsulting.com)

Cannabis Synergy: [www.CannabisSynergy.tv](http://www.CannabisSynergy.tv)

The TeePot Store: [www.TheTeePotStore.com](http://www.TheTeePotStore.com) (*Use code CREATE for 10% off*)

Shop Legal Cannabis: [www.ShopLegal.org](http://www.ShopLegal.org)

**See you on the other side!**