

Speaker 1 ([00:00](#)):

Shall we begin [inaudible] hello and welcome to the higher enlightenment podcast brought to you by higher yields cannabis consulting, your seed to sale cannabis business solutions team. My name is Adam. I'm your host today. And part of the creative design team here at hiring yields today's podcast is about medical marijuana. And is it too late to get into the cannabis industry with our guests, Emily Steelman and Marissa Cortez. So let's get on with the show. So Emily, could you give us a little introduction to yourself and tell us what you do?

Speaker 2 ([00:49](#)):

Uh, my name is Emily Steelman. I am the senior technical writer here at higher yields consulting. Um, so I oversee and Lena, uh, a group of phenomenal writers and editors that support our clients on both the state and local level of application and permanent processes. So whether it's research or, um, getting a better understanding of what the regulatory framework is in a locality, uh, supporting them in their pursuit of permitting on in a city or town, um, and all the way through full, uh, competitive applications on the state level. Uh, that's what our team does.

Speaker 1 ([01:26](#)):

Well, thanks for being here. And, uh, Marissa, could you tell us a little bit about yourself and what you do?

Speaker 2 ([01:33](#)):

Yeah, absolutely. Thanks Adam. My name is Marissa Cortez and I am the director of compliance and program manager here at higher yields consulting. Um, I do, I do quite a bit company-wide, but I would say that recently, as of late, I've really transitioned into that program manager role because we've had such an influx of projects coming in. So basically what I do, I oversee a team, our project team, and make sure that the client is happy, make sure that the project is moving along, that we're hitting all of our deadlines. Um, and then I'm also a big focus on compliance being the director of compliance. I have to stay on the up and up and as we all know, this industry is ever changing. So I'm making sure that I'm staying up on top of any new regulations that are coming out. Um, any new States that are coming online and actually creating a medical or adult use cannabis program. So it, it's very interesting and it's, it's fast paced, but I really enjoy it.

Speaker 1 ([02:29](#)):

Okay, thanks. Uh, first question, what are the major differences between owning a medical versus recreational facility?

Speaker 2 ([02:39](#)):

So there are some significant differences between owning a medical retail facility versus an adult use facility. Uh, the first and foremost being medical can only accept medical cannabis patients or individuals who are enrolled in their state's medical cannabis program and have a card that proves that adult permits 21 and over to enter without obtaining a medical card and purchase, you know, the products that they want up until the regulatory limit. So that's the first thing from a business perspective. And we may get into this later, but from a business perspective, if you can get into the ground floor and a medical round, it's usually very competitive and it gets you in so that when the state switches over to adult use, you'll be able to also switch over your license to be able to facilitate individuals from 21 and up,

Speaker 3 ([03:39](#)):

Is it too late to get into the cannabis industry? Is it worth an investment in a license?

Speaker 2 ([03:46](#)):

So, I mean, that's absolutely 100%, no, it is not too late to get into the cannabis industry, whether you're thinking about medical or adult use just dependent on the state or both, um, it is completely worth an investment. There are emerging markets coming online. I mean, at this point in 2021, it's been like every month, you know, we had some big wins in November, 2020 with the election. So, I mean, now is the time now is actually prime time to get into this industry.

Speaker 3 ([04:15](#)):

Okay. If I live in a medical only state, is it more profitable to try for a medical license or should I wait until adult use is legalized?

Speaker 2 ([04:27](#)):

That's a great question. Uh, you know, I think that's dependent on a lot of factors, what your appetite is for a competition level, how many licenses are being handed out, how soon the round is opening, uh, what's your financing like? So, you know, I generally speaking would advise that if you are interested in getting into the space, don't wait because you don't know what the market's going to look like. You don't know what the ROI will be down the road. So there's so many variables and so many unknown factors that if you are in a position to pursue a license now, rather than later, go all in and pursue it now. And just building on top of what you had mentioned earlier, too, Emily, I mean, as we are seeing a lot of these States transitioned from medical to dual having adult use as well.

Speaker 2 ([05:14](#)):

We're seeing that almost every state, particularly the competitive States are allowing for an early application process. And in that application process that the early application process, they are only allowing the existing medical operators to apply. So you get that leg up and it's, I just think it's very beneficial to get in while you can at the medical level. So you can be first in line for adult use. That's a great point where a Senate, I would also say to, to expand even further on what you said when they do early, the early acceptance or early application to allow a medical existing medical facility to switch over or add adult use to their, to their license, they have a leg up. So one of the things to consider is that between the time you apply the waiting period to hear back, if you've won and then the period that the time period it takes to open and operate, that's a big gap in time that someone who's already existing as a medical operator, all they're doing is switching their license over and their doors are already open.

Speaker 2 ([06:18](#)):

So there's this extended lag time between them and the ones who are just getting it on the adult use round. So you want to talk about a revenue difference and having a leg up on the competition. That was a really great point, Marissa. Yeah. And even to build up further on top of that and correct me if I'm off base here, Emily, but typically, you know, you already have your foot in the door. If you are having a medic, if you're an existing medical operator, you've submitted your background checks. I mean the state they approved you. So the application process isn't as stringent as it's going to be for the other rounds that follow this early applicant round. Yeah. See Marissa and I, when we get on a talk like this together, we get so excited that we just keep building further and further on top of each other. And

you're a great podcast, but we could sit and do this literally all day. It's exciting to both of us were that big of nerds. Absolutely. We love this.

Speaker 1 ([07:13](#)):

Okay. Do medical marijuana dispensary still make a profit once their state has gone recreational?

Speaker 2 ([07:21](#)):

Yeah, I it's. I, it goes back to that, that very issue we just talked about, which is if they, um, I mean there's different, so there's different facets to it. But generally speaking, if they flip over and add adult use to their license, then they're, they're gaining those margins that other people are lagging behind on because there's still an application process. And we, you know, waiting to build out if they don't flip over to adult use, now they've limited their market to just patients. So in one sense, they could, it could be argued that they've built a very loyal brand and a loyal following with patients. And maybe patients are now secure in those purchases, but this market is so fluctuating and it's hard to gain a strong foothold in this market against competition. People are more willing to try every different dispensary to see what they like. I'm not sure how strong Brown brand loyalty is that would I, that would support the idea of not pursuing also an adult use license.

Speaker 1 ([08:28](#)):

Okay. Is there a cost difference between starting a medical marijuana dispensary versus a recreational marijuana dispensary?

Speaker 2 ([08:39](#)):

I mean, part of that is going to be dependent on the state, you know, what their application and licensing fees are, because that can vary very widely. You know, we see anywhere from 500 to 100,000. I mean, it, it can, it's vast, you know, but realistically speaking, just for build-out and startup, no, I mean, I don't see that there's any real difference in cost of medical versus adult use.

Speaker 1 ([09:06](#)):

All right. How do you think federal legalization would affect the small mom and pop medical and recreational cannabis dispensaries?

Speaker 2 ([09:16](#)):

I think that could certainly hurt them if they haven't established a following and they haven't established their brand, that brings this conversation to a really important topic, which is how you're branding and marketing yourself. Not only is there the, how do I advertise and compete against these other individuals who are teams who own operations, but how do I also do that compliantly? So there's, there's two facets there. Um, you know, it can be very costly to put branding and marketing dollars towards that, but do it incorrectly. So you want to get your, your not only your imaging down, but what's your mission, what's your value? How are you going to appeal to a certain group of people, a certain demographic to bring them in and get them loyal to your product, but also how are you going to do that in a compliant way so that when the FDA they're already here and when they come knocking at your door and ask you, or take a look at your packaging and labeling is a compliant, or did you just throw a bunch of money towards branding and marketing that has to be done all over.

Speaker 2 ([10:18](#)):

Plus you're paying fines and fees, penalties for doing things incorrectly. And Marissa can probably speak to compliance a lot more than I can because she's the compliance guru, but it's so important. And it's an, it's completely intertwined with branding and marketing and how mom and pop stores can really stand out because the, the, the thing that's always in everyone's mind is when federal legalization happens big pharmas coming, soon thereafter, they're already looking, they're already trying to establish themselves in anticipation for this. So the goal will be how do these mom and pop stores stand out or separate themselves from big pharma coming in and buying up all of these multi-state operators. And there's still going to be room, I believe for the mom and pop stores that take the time to produce a high quality pre plant that aren't cutting corners that have really solid branding that are very clear in their marketing in are very cautious about how they educate people.

Speaker 2 ([11:18](#)):

So there's ways just like in any market, in my opinion, to stand out as a small niche operator versus a big box store, it's going to end up in my opinion, or my prediction would be, it will end up the same way in this market. Yeah. I completely agree, Emily. And, you know, it's interesting because there is a smaller version of this already happening. You know, I just, even this week with some clients that I've been speaking to and some friends that are operators of smaller mom and pop medical only, dispensary's, it's a lot of these multi-state operators are coming in. They're buying everything and they're thriving in a lot of these States. Whereas these mom and pop shops are struggling specifically with things like testing regulations. For example, they're becoming more and more stringent in all of the States that are legal every single year.

Speaker 2 ([12:07](#)):

And it can be really hard to keep up. You know, specifically speaking in Colorado recently, it's come to everybody's attention that dispensary's now have to test all the joints that they wrote. And some dispensaries are only rolling maybe 10 a week, but they have their patients heavily relying on that for their medication. And it just, you know, what the testing costs, it's not worth it for them. You know, there's literally no profit made and it actually can set them back. So they're really stuck here, you know, at a crossroads because they want to take care of their patients, but they also want to survive. Um, so we're really seeing this already happen on a lower scale. So it'll be interesting to see what happens with federal regulation or federal legalization to see if they leave it in the state's hands to continue with their regulations, or if they try to roll out their own set of regulations at a federal level, that'll just emphasize and increase all of these costs that the smaller mom and pop shops are trying to, to pay just to survive.

Speaker 3 ([13:07](#)):

Could you expand a bit on how the smaller operators can stand out and get a leg up on their larger competitors?

Speaker 2 ([13:16](#)):

So specifically speaking to medical, um, just cause this is what I have in mind right now, patient base, you know, do what you can to take care of your patients and get that loyalty. Because, you know, I, I operated a medical marijuana dispensary and cultivation for about four years in Colorado, and that was everything that kept us alive. Um, during some of those tougher times was having our loyal patients and having that consistent client base, that's going to come keep coming back. Yeah, I totally agree. It, it does. It comes back to, I mean, it's, I think the important thing is, and what's becoming hopefully very apparent through this conversation is there's nothing that can be seen in a silo, your branding, your

marketing, your compliance, your testing, your labeling, your packaging all is under the umbrella of the larger umbrella, that curtains brand loyalty and confidence in your product and your service.

Speaker 2 ([14:10](#)):

So that's definitely a way that individuals or companies can stand out. And I think Marissa started off correctly, which is compliance first and then establish your, your customer base and get them to be the loyal patrons. And then word of mouth goes a long way. There's advertising restrictions, but that doesn't mean people can't speak highly of you and reference or refer your company over to their friends. So I think there's plenty of ways to be the niche operator and stand out from big box or the multi-state operators, for sure. Absolutely. And you don't know your know your market, do your market know your customer or patient demographic, you know, that that's a big one too, making sure that you're doing that due diligence and really digging in so that you're aware of exactly where you're at and you're able to purchase accordingly and market accordingly.

Speaker 3 ([15:08](#)):

Okay. If you had the choice to start your own dispensary, would you choose medical recreational or both?

Speaker 2 ([15:17](#)):

That is a very loaded question because it is so incredibly dependent on the state that you're in, but just, you know, keeping it generalized. Absolutely. Both. We could go for both or if I could go for both, that would be absolutely the move because, you know, medical has a special place in my heart because it's important. People use this as their medication. I have family members that this is how they get by. This is how they're able to sustain and live a normal life and actually thrive in their life. So I just think it's so important that that medical side of this industry does not die out and that we do keep it thriving as much as possible. So obviously adult use it is more lucrative. Um, but I think it is important to make sure that we have both sides. So I would absolutely go for both.

Speaker 2 ([16:02](#)):

Yeah. I think that would be my answer too. And I would just say, I would want it located in the state that doesn't take all my taxes and doesn't pull, you know, there's some States with some high taxes, um, you know, and it produces very small margins, which makes it harder for these operators to provide, put the money towards their business and provide higher quality cannabis. So I would want to locate in the state. I would want to go for both located in, uh, in a, uh, cannabis friendly state in those, in that way. Um, and probably one that's near a border town like Massachusetts.

Speaker 3 ([16:35](#)):

Okay. Speaking of which, uh, what do you think are the best States to start a dispensary in?

Speaker 2 ([16:42](#)):

Well, I think right now, Massachusetts is a, is a sweet spot. I think a lot of people overlook that that's something we help our clients in. Um, we've got our hand in pretty heavily in Massachusetts right now because it's, it's a good spot. It's it's, like I said, it's a border, there's a lot of places at border. Other States that don't have, uh, an open program right now. So we're able to facilitate a lot of really great opportunities in that state. So I would say if anyone's interested in Massachusetts, take a hard look at it, um, or interested in some unique opportunities there from an adult use state perspective. Absolutely.

And that's, that's where I would go as well. If I had the choice, I would be in Massachusetts, I will say New Jersey is very attractive as well. The application process is, is tough. You know, it's very competitive, but if you can get past that, I mean, it is going to be a, a beast of a market once they are really up and running for adult use.

Speaker 2 ([17:39](#)):

And I mean, realistically, they're not even fully up and running for medical because of some of the roadblocks that they've run into with the application process in 2019, that's just dragging out all the way into 2021 now. Um, so not so attractive because yeah, they've hit some road bumps, but that end goal there, you know, that, that carrot, that golden carrot that's dangling. I mean, once it actually works out, once they work through these kinks, it's going to be an amazing market. Yeah. That's a great point. New York, New Jersey, they're so hot right now. Everyone's going after them getting ready in anticipation of the round opening. I will say if you're listening to this podcast before those rounds open, prepare, now do not wait until the round opens. You want to get ahead of it. The pros are preparing now the multi-state operators are preparing. Now, get yourself prepared for this round to open end. You you'll have a shot at winning it. Starting people are finally realizing like, okay, the bill has been actually signed into law like it's game time because realistically, I mean, it should be May, 2021 that that round officially opens up. So like, I'm always said, everyone prepare now, do not wait until that round opens up because it will be at maximum a 60 day application window. And that is not enough time. If you want to win not enough time to prepare if you want to.

Speaker 1 ([19:01](#)):

So how do you see Pennsylvania coming online?

Speaker 2 ([19:05](#)):

Well, they're gearing up for adult use. I think that whole area is, is trying to be the first, because from a state perspective, they want the tax revenue. So they don't want everyone from Pennsylvania driving over to New York to get the cannabis that Pennsylvania could be making money on. So I think between New York, New Jersey, New York does not like being second for long. So I think they're going to try to get to market as fast as possible. And then New York and New Jersey are going to be neck and neck. And then Pennsylvania is going to be coming soon after they're already on their way towards adult use legalization. And I think that's just going to create a little burst up there. Then we got to get it down to the Bible belt where I am kind of get some, get some cannabis down here, but, uh, we'll be the last in the country.

Speaker 2 ([19:54](#)):

That's fine. But no, actually I was going to say the same thing. There's like, you know, Adam, myself, you were all from the East coast, actually we're all from Pennsylvania. Um, and there is just like this unspoken or maybe an unspoken competition between those three States. So that's exactly what I was going to say. Like they're not going to be waiting long. Once New Jersey really officially kicks us off and they see the tax revenue coming in and pencil Pennsylvania sees the tax revenue coming in, uh, New Jersey or New York sees it coming in and New Jersey. They are going to rush to legalize and get that tax revenue. Cause it's like Emily said they don't want, they don't want their citizens leaving the state and going into another state right next door to make, you know, to give them money, just basically put it in their pockets.

Speaker 1 ([20:39](#)):

Well, I think that's all the time we have for today. I'd really like to thank Emily and Marissa for being on our podcast today. Thank you guys. Thank you.

Speaker 4 ([20:52](#)):

Bye guys.

Speaker 1 ([20:55](#)):

We'd like to thank everybody for tuning in today and listening to our podcast for information on how to follow the higher enlightenment podcast. Please be sure to check out the description below you'll receive all the latest and greatest podcasts news and announcements. We'll also let you know when we release new episodes. If you'd like to be a guest on the higher enlightened podcasts or have ideas about upcoming episodes, please be sure to check out the description below for information about sponsorship or advertising on the higher enlightenment podcast. Please call us at eight four four high yield that's eight four four eight chai, Y I E L D or visiting our website@higheryieldsconsulting.com. Thanks. Have a great day. And we'll talk

Speaker 4 ([21:58](#)):

[inaudible].