

Ep 16 METRC Podcast

📅 Mon, Mar 27, 2023 11:45AM ⏱ 32:23

SUMMARY KEYWORDS

metric, state, colorado, license holders, higher yields, compliance, california, utilizing, implementing, employees, sale, inventory, oklahoma, training, mercedes, marissa, sops, people, industry, issues

SPEAKERS

Kendrick Jeffries, Mercedes Woods, Marissa Cortes, Adam Kulbach

A Adam Kulbach 00:17

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, your host and part of the creative design team here at higher yield. Today's episode deals with the ins and outs of metric with Marisa Cortez, Kendrick Jeffries and Mercedes woods. So let's get started and meet our panel. So Kendrick, can you tell us a little bit about yourself and what you do?

K Kendrick Jeffries 00:50

My name is Kendrick Jeffries. I live in Rapid City, South Dakota, one of the emerging states that Adam had talked about on our previous podcast. And I've been with higher yields consulting for a short few months, been a consultant for a few years now and sat on metric user group in both Oregon and Colorado, where I met up with Marissa and Mercedes on a job in Denver, Colorado got me plugged up with higher yields consulting and happy to be a part of the team and thanks for having me.

A Adam Kulbach 01:17

Thank you. Marissa, can you tell us about yourself and what you do?

M Marissa Cortes 01:22

Absolutely. Thanks, Adam. My name is Marissa Cortez. I'm based in Denver, Colorado, and I've been the director of compliance here at higher yield consulting for a little over two years now. I've been in the cannabis industry for about eight years. I started in the cultivation side of things and quickly moved up along the supply chain through manufacturing as well as retail, I primarily focused on compliance with heavy emphasis on inventory tracking. I've been utilizing metric as an operator and now as a consultant since 2014. So it's been a little while since I've

utilized it. I've also sat on the stakeholders user group board in Colorado here with the Marijuana Enforcement Division. And metric as well. We have met once a month or every other month since January of 2015, to basically talk about how we can better metric for the license holders and also how the government can utilize it to their needs.

A Adam Kulbach 02:20

Thank you. Mercedes, can you tell us a little bit about yourself?

M Mercedes Woods 02:25

Absolutely. Hi, my name is Mercedes woods. I'm also based out of Denver, Colorado. I've been in the industry now for six years. One of those years has been with consulting for hmic. I work as the compliance specialist helping out Marisa on different projects, lots of metric jobs. And before that other five years was spent in operator positions, mostly within the retail sector of the cannabis industry here in Colorado. I've dealt a lot with metric cleanups at previous dispensaries, I've worked with implementing SOPs to help their inventory and their tracking, along with lots of training material that has been created to ensure that a lot of the issues we're going to talk about today don't happen.

A Adam Kulbach 03:23

Well, thanks for being here. For the first question, what is metric? Could we get a brief overview of what it is and how it works?

K Kendrick Jeffries 03:33

metric is a seed to sale tracking system that allows blockchain style tracking using RFID technology to ensure a safe and compliant product and transparency for state regulators.

M Marissa Cortes 03:45

So metric has been around since 2014. It was first mandated in Colorado, when Colorado went legal for recreational cannabis use sale and all that good stuff. It is currently in 15 states and now the District of Columbia as well. And I think something that I do want to note on that is the primary difference between metric and other see the sales software systems that you hear about is the fact that you can only utilize metric as a license holder in the states that have actually contracted and mandated metric. So just for a quick example, bio track, there are states that that do mandate bio track for their inventory tracking system. However, in a state like Georgia, for example, that hasn't mandated any you can utilize by a track, whereas you can't utilize metric because they are contract only. So that is something that I did just want to touch on there.

A Adam Kulbach 04:40

A Adam Kulbach 04:40

Okay, can you give us a little background on Oklahoma and metric?

M Marissa Cortes 04:46

Sure. So metric has most recently contracted with Oklahoma back in September of 2020. They did mandate it and officially start to plan the rollout and the implementation. So they're We're set to launch in February 2021. However, that's more or less a rumor, there has not been anything published on metric or the Oklahoma Medical Marijuana authorities websites that actually say anything regarding a timeline, except for the fact that they'll post the timeline when they have it together. So it's gonna be approximately 9500 license holders in the state that will have to begin utilizing metric. And we're all very interested to see what exactly they're going to set the mandate for, typically, we see are not set the mandate, excuse me, set the timeline for typically we see around six months for implementation once they actually get metric up and running in the state. But there's no telling yet because as I said, we haven't really seen anything concrete yet.

A Adam Kulbach 05:44

So what are the challenges in implementing metric in places like Oklahoma,

M Mercedes Woods 05:50

I would say, some of the challenges in implementing metric, and we've seen it in California, since they're one of the newest to implement it after kind of having medical and recreational setup in the state, is it really is dependent on how well the state is willing to offer resources and training to implement metric, even though metric itself is not extremely complex. In order to get all of your information packages, transfers, products, everything you need to have metric running, I would say is going to be the most difficult transition, you know, you have to transfer now, all of your packages that you have all of your product has to be given one of these RFID tags and tracked now in metric and input it in there, and just a lot of training needs to go into place with, you know, the owners of the company and all the way down to every employee that's working there. And if you're not training these people properly, and giving them the resources they need right away, then you're going to have a lot of issues that come up, as we're seeing in California, while we're doing these metric cleanups of things like sales not being reported correctly, because we're using the wrong tag number, or not even having the correct RFID tags to begin with not understanding that the product needs to stay with that RFID tag in order to keep track of it accurately. So just a lot of issues that here in Colorado, you know, there's lots of SOPs and training and procedures that are put in place in order to keep the flow of metric going and keep things accurate. And you don't really run into lots of issues in terms of you know, reporting sales and adjustments. In these newer states that are trying to implement it, we're seeing a lot of these problems occur, because there aren't proper procedures, even for inventory tracking in their, you know dispensary, or their grow, put into place, which then causes issues further down the line and kind of once metric gets out of hand. At the beginning, it's a snowball effect. And so it becomes a way bigger issue. If you're not getting that help, right away from the get go.

A Adam Kulbach 08:38

Is metric implementation in Oklahoma going to be different from other states?

K Kendrick Jeffries 08:44

I think there'll be different parts of metric within the Oklahoma system. Every state is different. From California to Colorado, to Oregon to Montana, there's different testing requirements. And to kind of touch on what the question you just asked to, is that a lot of the compliance officers are there I don't even know if they're compliance officers that metric the people that just answer the telephones, when you call them with a question about compliance within your state, it always takes a long time to try and figure out, hey, I need to talk to my supervisor, I'll get back to you, we'll send you an email or we'll call you back. There's no face to face interaction with anybody for a metric, they don't come out to your farm or your lab or your extraction or manufacturing facility. They don't send anybody out to come help you tidy those things up. They just say, Oh, hey, you're in violation, we send that off to the state and then the state comes in and does whatever they want to do with you. Whether it's going to be fine or sanction or, you know, tell you just to clean it up. It just is really dependent on what the violation may be. And so that's kind of a tough part about it as well. But as far as Oklahoma goes, there is a monthly reporting deal on the 15th of every month where they're gonna have to send monthly report wording that will be different than most other states? So just answer that question.

A Adam Kulbach 10:06

Okay, thanks. So what states have struggled with metric recently.

M Marissa Cortes 10:11

So most recently, I would say the California was the state that struggled most with the implementation and the rollout of metric for their entire industry. And they are actually still struggling, because, you know, we've seen this happen before, but more so with California. And it goes back to with what Mercedes was saying, how it's really up to the state, to set up the implementation and the rollout of metric correctly, while it's not a complex program, ensuring that your license holders have proper training and the knowledge that they need, as well as the support from metrics support, let the state you know, in turn as well, it's absolutely crucial. And we've seen massive issues with the rollout when it happened. So the mandate was actually for July 2019, that's when California license holders were supposed to get on metric, they ended up cracking down on them in November of 2019. So we saw a pretty big uproar there were, I want to say over 400 licenses suspended for not being on metric by that July deadline. Well, even

K Kendrick Jeffries 11:14

if those licenses if they if even if they intended to be you know, did they intend to get on metric? Or did they just want to go with it? You know?

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Marissa Cortes 11:23

Yeah, exactly. And it's tough, because, you know, California, they've had their medical marijuana season, the medical, California has had their medical cannabis industry active for 20 years now. So they've been doing this, for lack of a better terminology, you know, in the wild, wild west for about 20 years before they actually had any sort of state oversight. And, you know, it's you're set in your ways, 20 years, two decades, that's a long time. So that's a struggle in itself. But then on top of it, you know, you have to order these RFID tags to even get started and metric. And we had a lot of instances with different clients and contacts that we have in California, where they couldn't even get any contact with anybody in the government to order their tags. Because unlike every other state where you actually just order your RFID tags for your products and raw material through metric, you couldn't do it that way. So things like that, where it's taking three weeks for the state to respond. I mean, that completely halts your everything, your production, your sales, all of it. You know, it's like, how do you operate with that. So that was I mean, it wasn't, there was two sides to it. But it definitely was not fair to the license holders, the way that that all went down, and it's still going down, because they're still having a lot of clarity.

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Mercedes Woods 12:35

And going off of what Marissa just said, and like get tricky said earlier about metric support is, you know, I remember when there weren't many states using metric. And metric support was pretty good metric training was really good. You actually had a live person train you, and send you a certificate and signed up for classes and all of these things. And now, it's basically just a PowerPoint presentation. That's very broad, doesn't it, some of the things don't apply to certain states. And so I think that that has become an issue as well, with the states having the control of how metric is used in their state, is now you have metrics support and customer service on their side that have, you know, 15 different states and the District of Columbia, that all have different rules and regulations regarding the use of metric. And so I think that that is also going to cause issues is, it's going to be hard for them to keep track of all these different regulations. So when you call them of course, they're gonna give you the most broad response or asked to talk to a supervisor, because maybe they're well versed in Colorado, and they have no idea about California. And it's not necessarily their fault, the states have just decided instead of kind of trying to come together and use regulations similar to other states, everyone's doing it different. And I think that that that really makes it hard for metrics support to really help you like they used to be able to.

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Adam Kulbach 14:20

Okay, well, that ties into my next question, what is the toughest part of metric implementation?

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Kendrick Jeffries 14:27

Adam touching back on what I had said earlier, you know, when you implement a system in the middle of a program, or California, Montana, Oklahoma, Massachusetts, they're in the middle of their emerging cannabis industry. And then you try and regulate in the middle of it. That makes it extremely difficult for license holders to go, Oh, snap, we got to come back in and try and,

you know, become compliant with this new rule set that they've implemented on us that makes it really tough. And it's all over phone and email. Again, I can't stress that enough. It makes it super tough. These guys aren't going to be coming out for the license and helping you. And not understanding state laws. You know, if you ask anybody in any other state other in Colorado, what process validation is for testing requirements, no clue, they're not going to have a clue. And Colorado's continually implementing more process validation for different vape tips and the vapor and contaminant testing and it makes it extremely difficult for the contacts that metric when you call them, for them to even understand it, because it's hard for us to understand it. And verbatim what they've said and metric user group is we don't want to hold the liability of telling you that your process validated in Colorado, which is a part of the testing, and they just don't want to hold the liability. So it makes it difficult for stakeholders, and anybody that's working within the system to know if their tests are passing, if they're not, it's just a goofy deal.

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Mercedes Woods 15:59

Also, that kind of expressed earlier, the hardest part of the implementation is definitely going to be the training. I mean, you're talking of training every employee how to use this, and and I think people think of well, it's just managers in there. And it is, for the most part in terms of the ones reporting the sales or making the adjustments, especially on you know, the retail side of things. But you know, you still need to train your bud tenders on it and have them be somewhat knowledgeable of what they're doing. Because if not, they're going to mess up the inventory process that is going to eventually affect metric, if they aren't scanning every single item and are typing in quantities, and they miss something or they use the wrong package tag and a different product goes out, then that's gonna throw off metric that's gonna throw off the state seed to sale tracking system. So I think it's important that you're not only implementing it and training it to, you know, the license holders, but that that training goes all the way down to the people that are selling your product. And that SOPs are put in place to make sure that, that they're able to follow these procedures that need to happen to keep your inventory straight. And if you if you don't do that, if you don't train all the way down to your employee who is selling the product to the consumer, then you're always going to end up with issues, there's always going to be problems that arise. So I think it's really important to stress that. I know in California, the metric training that they do have, only the owners are allowed to take it. So if you're an manager of the dispensary who most of the time is doing a lot of the work, you cannot take that metric training class that they do provide. And that's all supposed to be disseminated from you know, the license holder, the owner of the business to their employees. And so if they're not doing that correctly, or getting the help they need to train these employees and put SOPs in place, then there's just going to continue to be issues.

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Adam Kulbach 18:27

So what are the ramifications of you screw up your SOPs,

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Mercedes Woods 18:31

oh, you're gonna, you're gonna one get a lot of confused employees that don't really know what they're doing, which is going to lead to high turnover rate, which just is going to produce more employees for you to retrain, which again, if you don't correct these issues, then more

turnover. So that's already an issue in our industry is high employee turnover. So that's that's going to be one issue that goes along with improper training and SOPs. And other issue higher stakes is going to be if you're not monitoring these employees, and you've put all of your trust in them, that they know how to do this, and they don't and you let it go on. Well, then you're six months in and realize sales haven't been reported for six months, and that your basic inventory system hasn't been followed and so wrong. RFIDs are being associated with different packages. And now you have large amounts of inventory that either are negative in your metric or still are there but do not exist in your facility. And it really depends on the state. I mean in Colorado if they come in and pull product and tell you okay, we're pulling this product in this product. What is the count Then it's off, that can lead to a fine from a small fine to a large fine to a, maybe if it's the first time I will, let's not happen again. But now you're on their radar, and they're gonna keep checking in on you to California, if there there's a little more confusing in terms of adjustments that have to be made, are based off of profits. So if you're under a certain amount of money, then you don't have to report it. But if you're above a certain amount in terms of your inventory and profit, then you have to report it not just to the BCC, but also to your local authorities, for which will cause a full fledged investigation into your company. And so, I mean, it really varies on every state on what they're kind of what they kind of decide they're going to do in terms of finding you or shutting you down, or as far as a recipe made. So I know it seems crazy, but it really all starts with those training and those SOPs being put in place, and making sure that everyone is knowledgeable, because if not, you really don't know, what could happen further down the road.

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Adam Kulbach 21:23

What state do you think handles metric the best?

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Marissa Cortes 21:28

No, I think just and this is not because I'm biased towards Colorado, it's just Colorado, I choose Colorado simply because of the fact going back to what Kip mentioned earlier, we didn't have to start metric right in the middle of our, you know, emerging industry. Yes, it did come around, you know, while medical was already active for several years, but once adult you started, that's right, when metrics started. So we had the, we had the advantage of not having to backtrack, not having to get 10s of 1000s of units, you know, into our inventory and doing double entry with our, you know, other supporting CD sales system that we would have been utilizing previously, you know, prior to metric. So, I think that just simply because of that, and then also the fact that we've been out here in Colorado, we've been utilizing metric along this, you know, it's been since 2014, January of 2014. So now we're looking at seven years on metric, as opposed to a lot of these booming industries like California and Oklahoma and Massachusetts, you know, you're looking at a less than two years, sometimes sometimes not even at all, like Oklahoma, who hasn't actually gotten active with metric yet. So I would definitely say just Colorado longevity, you know, we've used it for so long that we have that advantage solely because of that. And I will say that's not to say that Colorado license holders don't have their fair share of issues still with metric, you know, there's there's plenty of plenty of confusion that still surrounds it, and especially like Mercedes has mentioned, lack of training is huge. So there's advantages, but that's not to say we're perfect out here. Still, do

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Adam Kulbach 23:03

you think Colorado could be used as a model for other states?

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Marissa Cortes 23:08

You know, I often wonder why it's not, because I've worked with metric and many other states at this point. And, you know, many it's not a huge difference, you know, I would say between 70 to 90%, the same, you know, for all of the different states in the way that you utilize metric. But there are definitely key things that in some states, you know, it goes beyond just not making sense to me, because of the fact that I've been utilizing Colorado's protocols for metric, it just literally doesn't make sense, grand scheme of things. So, I do you know, I have often wondered that, you know, why don't more states use Colorado as a model? Because, you know, we they actively work with our regulatory agency out here, on bettering metric and we have our, you know, there's a metric investigator that, you know, specific to Colorado led, so maybe some states have, and we haven't known about it, but overall, the ones that I've been in have not seen too.

A

Adam Kulbach 24:06

So what can people do to mitigate issues with metric implementation and daily utilization in their state?

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Kendrick Jeffries 24:13

SOPs, SOPs, SOPs, making sure that your SOPs are to the line of what the state rules and regulations say. And training. Again, you can't emphasize it enough. You want to you want to be able to have employees are going to be sticking around for a long time that want to make a career out of the cannabis industry. And anybody that's going to be working. Anybody is going to be working within metric is probably going to be somebody that wants to stay on board. If you hire a metric consultant to train you, and their experience help you better yourself within the industry that will help your company it will be beneficial to not only you but to everybody else around you. Yeah, and

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Mercedes Woods 24:59

Definitely, I mean, if you can hire a metric consultant at the beginning to help you, at the end of the day that is going to cost you way less money than to hire a metric consultant after it's already been messed up.

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Adam Kulbach 25:15

So it would be best to do that from the beginning.



K

Kendrick Jeffries 25:18

Absolutely fine fines, yeah, somebody's fines are \$75,000. That's crazy. That's \$1,000, for a simple mistake, could have been easily trained on

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Marissa Cortes 25:30

Lafley. And I mean, we've, we've seen it out. And we've seen it in real life, you know, with California, there are, we had instances where people decided, you know, we're going to skip it, and didn't go with the training and the standard operating procedures that were created and performed by the professionals by people like us who have been actively utilizing metric for close to a decade at this point. And now, here we are a year later, and we're seeing a lot of these people, and then some come back to us. And they're in the situation Mercedes just referenced, you know, it's a sticky situation, things are not accurate. Nobody has an idea what they're doing, and there's no oversight. So avoiding, you know, potentially a fine, potentially losing your business, your asset, you know, in a lot of people's cases, their dream, it's well worth it to hire a metric consultant beforehand, making sure that you're implementing everything properly. And then down the road, you can be confident in yourself, your employees, your company. And I will just say a quick note, in tandem with that the most success we've seen, with companies and cannabis businesses utilizing metric is when they're also utilizing, you know, at the retail level, specifically, a point of sale system that is not only just going to integrate with metric, you know, it works well with metric, and it also helps be a compliance tool. And when I say compliance tool, I really genuinely mean that, it removes a lot of the ability for human error to occur. And so you do want to make sure that if you are using a secondary system, you know, in cultivation and manufacturing, and then, like I said, as well as retail, you want to choose the right one, I think that that is absolutely also key in this as well.

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Mercedes Woods 27:17

can also continue, after hiring a metric consultant to get you going, get your staff trained and get you ready. You can keep those you can keep consultants on longer for compliance reasons as well have a contract where they will, such as higher yields, we can come in and audit your business for you and make sure these higher level compliance things are being done and that you're being held accountable. And that the person you've put in charge, whether they're your compliance officer, or whatever, Director of compliance, whatever it may be, that you have another group on the back end, making sure that those people aren't doing their jobs. And again, since the turnover is so high, even if one of these compliance officers leaves get his gets another job, whatever the case may be, you would still have that, you know, that Consulting Group, on the back end, making sure that the most important things are still getting done while you're in that transition period of finding a new employee to replace that position. So I think it's really important to understand that it's not a one and done. thing, it's continuous. And so to, to continue on with those compliance packages, I think is really important as well.

A

Adam Kulbach 28:40

You guys seem to be psychic because you started answering questions before I asked them. And I asked a couple extra ones. But is there anything else anybody would like to add?

K

Kendrick Jeffries 28:54

Yeah, I think, yeah, Tim, I think one of the things that these emerging states that have recently legalized recreational or medical use in Montana, Arizona, South Dakota, New Jersey needs to do is pay attention to how other states have implemented rules and regulations. And they're tracking systems, whether it is metric or another tracking system, they need to pay attention to what is actually going on within the industry. They need to ask experts and consultants to figure out how they can better their program in their state to create the most successful industry possible to bring in as much tax revenue as possible. Keep it out of the hands, hands of children and kids, and to read the black market and really just make it an overall successful program at the end of the day. I'd have a question for you, Marissa, what operating systems for retailers, would you recommend that license holders use to be successful and metric?

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Marissa Cortes 29:55

Now there's definitely a lot of systems out there. I will say The one I've been most impressed with, and I've seen a decent amount of point of sale systems, or after B trees. They offer a compliance module, also a help desk that I actually have not seen yet with any other system, whether it's just point of sale or, you know, full seed to sale for manufacturing, innovation as well as retail. So, I do have to say that I would definitely go with trees. And if you are looking for something that's more on the production side of things with cultivation and manufacturing, I definitely would have to recommend flourish. They are up and coming fairly new system, but they're really going to change the game.

K

Kendrick Jeffries 30:38

That trees with the z,

M

Marissa Cortes 30:39

that is trees with the Z. Cool.

A

Adam Kulbach 30:43

Okay, I think that about wraps things up. I'd like to thank everybody for tuning in. And I'd like to thank our panel for telling us all about metric today. I think we had some really good information. So thank you. Thanks.

M

Marissa Cortes 30:59

Thank you. Thanks for having us. Thank you, guys.

A

Adam Kulbach 31:13



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