

OUR NEW YORK LICENSE HAS BEEN APPROVED. NOW WHAT?!

Congratulations! You've successfully navigated the intricate process of applying for a cannabis business license in New York, and the New York State Office of Cannabis Management has given you the green light to proceed with your business by granting you one of those highly coveted licenses.

Now what do you need to do?

Here is a list of 10 things you should consider if you would like to turn your cannabis dream into a reality.

1. Secure Site Control

For those who do not currently have site control of commercial real estate, this is a priority. The approved license comes with the expectation that you'll have a suitable location to conduct your cannabis business. Work diligently to finalize lease agreements or purchase contracts and ensure compliance with local zoning regulations.

Before signing any contracts, you must thoroughly check local zoning rules because New York municipalities may have specific laws governing the operation of cannabis businesses. Factors such as proximity to special uses, adherence to zoning and overlay districts, and compliance with local building codes should be carefully evaluated.

Without proper due diligence, potential surprises, such as outdated infrastructure, may emerge, leading to unforeseen costs or challenges that could impact the viability of the business. Careful project management and budget control are essential to minimize additional expenses and ensure seamless adaptation to evolving requirements.

- For cannabis cultivation facilities, the right site selection is crucial, considering restrictions imposed by local zoning laws on power, water and sewer requirements. Converting existing buildings requires thorough assessments, including evaluating construction elements, potential for moisture infiltration, structural loads and room for expansion. Challenges like heat and odor abatement, specialized lighting, contamination prevention and climate control also must be addressed.
- Dispensaries aiming for long-term success should anticipate growth by incorporating flexibility into the initial design. Scalable design, achieved through modular fixtures, adjustable shelving systems and flexible display areas, allows for easy modification of the store layout to adapt to changing business needs.

2. **Build a Competent Team**

In the dynamic world of cannabis businesses, risk-taking is a common trait. To navigate this landscape effectively, building a skilled and experienced team is crucial. This team should comprise professionals such as attorneys, accountants, insurance brokers and experts well-versed in cannabis regulations. From cultivation to finance, assembling a knowledgeable workforce is key to the success of your cannabis business. By working with experienced professionals, you can mitigate risks associated with regulatory compliance, financial challenges, license issues and tax obligations. Establishing robust internal controls and vigilant monitoring further contributes to risk management. Professionals familiar with the unique challenges of the cannabis industry can offer guidance, ensuring informed decision-making and overall stability in this rapidly evolving sector.

3. **Comprehensive Business Plan**

Once you've secured site control and assembled a capable team, focus on refining and finalizing your business plan. It's imperative to ensure that the plan aligns with state regulatory requirements and provides detailed insights into your business structure, operations, marketing strategy and financial projections. This involves a thorough understanding of market demand, analyzing competition, identifying your niche and conducting comprehensive customer and company analyses, to enable the design of effective strategies to achieve business goals.

A strategic plan should be formulated and implemented to not only attract investors and lenders but also serve as a constant guide throughout your entrepreneurial journey. When seeking funds from institutional investors, the significance of a well-documented, clear and easily understandable business plan cannot be overstated. It not only facilitates funding but also provides ongoing support for the success of your cannabis venture.

4. **Get a Business Bank Account and Secure Funding**

With site control and a solid business plan, to go along with the license, seek funding sources to cover startup costs and ongoing operations. Remember that funding for cannabis businesses is difficult to find, although not impossible. This may involve reaching out to friends, family, investors, applying for loans or exploring other financing options. Ensure your financial strategy aligns with the realistic needs of your business.

Additionally, research financial institutions, such as banks and credit unions, that work with cannabis businesses. There are financial institutions in New York that accept cannabis business clients. Cannabis businesses should establish a business bank account to pay operational expenses, store that hard earned funding and help you stay legally compliant and protected.

5. **Build Community Relationships**

This cannot be stated enough: Establish positive relationships within the local community! Engage in community outreach, attend public meetings, and address any concerns or questions from community members, before and after receiving your license. Building trust and goodwill will contribute to the long-term success of your cannabis business, and it can make or break your business.

6. **Compliance is Key**

Stay abreast of all federal, state, and local regulations. Regularly check for updates from the New York State Office of Cannabis Management to remain compliant with any changes in legislation. Non-compliance can jeopardize your license and impede your business operations. Importantly, don't forget about procuring all necessary insurance. Cannabis businesses are businesses first, and they require all the normal things businesses require, such as business insurance, which may include the following:

- General liability
- Product liability
- Professional liability
- Commercial property
- Business owners' policy
- Vehicle insurance (required for transportation and delivery of cannabis and cannabis items)
- Workers' compensation

7. **Set Up Operational Protocols and Procedures**

To establish a solid foundation for operations in the cannabis industry, it is crucial to establish comprehensive operational protocols and procedures. This encompasses the design, implementation and integration of robust frameworks covering various aspects such as security, inventory management, quality control, financial documentation and customer interactions. Given the stringent regulations governing the cannabis industry, incorporating mandated policies into daily operations is essential for effective employee performance. Clear and well-defined procedures contribute to the seamless and compliant functioning of the business.

Key considerations in this process include tracking cannabis inventory, documenting financial transactions, ensuring employee safety and inventory integrity, and complying with local regulations and state laws. Contingency plans for emergencies or inventory discrepancies must

be outlined. For cultivators, attention should be given to explaining safe cultivation practices, pesticide usage and odor containment. Manufacturers should address issues related to chemical storage and safety. By addressing these aspects, businesses can establish a solid operational framework for success in the regulated cannabis industry.

8. Prepare for Inspections

Anticipate regulatory inspections by conducting internal audits to ensure your recordkeeping, documented procedures and operations align with the allowable licensee conduct. This proactive approach will help you address any potential issues before they become compliance concerns, which could cost you your revenue, your reputation, or even your license.

Above all, jurisdictions are typically the most interested in your procedures to track inventory, finances, and security. For example, expect to discuss:

- How you and your employees will track every cannabis product and every cent.
- Your computer tracking, procedures for packaging and storing inventory and documentation for when cannabis is destroyed or must be discarded.
- Your bookkeeping plans and procedures for cash drops.
- How you will comply with local regulations on security, such as alarm systems, cameras, background checks and lighting.
- Your security procedures for admitting visitors to the facility.
- Your security procedures for preparing inventory for transportation and safe storage.

Remember, you cannot submit general copied text from the cannabis regulations (“Licensees shall not employ anyone under the age of 18 years of age”) or generalized statements (“We will make sure no one under 21 can purchase cannabis”). Instead, you need to be specific about the procedures you will implement.

- What information or documentation will be reviewed or scanned to confirm age before entry/employment?
- Who is responsible for checking and then rechecking that information or documentation?
- How will you resolve a discrepancy with that information or documentation?

9. Market Your Brand

Develop a comprehensive marketing strategy to introduce your brand to the market. Most cannabis advertising is highly regulated and often prohibited, especially paid digital advertising. Cannabis businesses often rely on organic traffic and organic search engine rankings, which

require an educated search engine optimization strategy to benefit. Leverage various channels, including digital marketing, social media, and community events, to create awareness and build a positive brand image.

10. **Practice Patience**

This journey is a marathon, not a sprint. Work on your perseverance and fortitude and try to relax. This is a stressful process, there will be delays and everything will take longer than you want it to, and longer than you are told it will. Welcome to cannabis.

The approval of a license from the New York State Office of Cannabis Management marks the beginning of an exciting journey. By diligently following these steps, you can position your cannabis business for success in a rapidly evolving industry. Stay adaptable, informed, and focused on delivering a quality product or service to your customers, and your cannabis venture will flourish in the Empire State.