



Introduction to the Cannabis Business Roadmap

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How do you start a cannabis retail business in Washington State?

Cannabis is an exciting industry with a challenging past. Because of that, there's a lot of emotion around the subject. You may have a lot of emotions around it, yourself — excitement, hope, anxiety, frustration.

On the positive side, you might be super-optimistic. "It would be fun to start a cannabis store, and I could make a lot of money."

On the negative side, you might feel intimidated. "I can't start a cannabis store because of my past history."

In the Cannabis Business Roadmap, we've considered both of these starting points. You can overcome obstacles, but you may need to temper your optimism. **To succeed, you'll need to think like an entrepreneur.**

This training is not intended to serve as legal advice. You should consult an attorney when starting a business.

Entrepreneur: Someone who creates something new and useful by spending time and effort, taking risks, and earning financial rewards.

There are hundreds of definitions of "entrepreneur," but three things stand out in all of them:

1. Creating a new business endeavor
2. Assuming the risk for it
3. Earning the profit from it

In the definition above, we specifically mention time and effort. Many people underestimate the amount of time and effort involved in starting a new business, especially something as complex as a cannabis retail business. There's a saying that applies: **It's a marathon, not a sprint.**

You should be prepared to invest a lot of time and effort — before and after your grand opening. Before you open, you'll need to learn about business, learn about the industry, build relationships, write plans, and set up business structures. Once you open the doors, you'll need to continue all of that, plus you'll need to do all the things necessary to serve your customers.

Why a roadmap?

Starting a successful business is based on more than just emotions. Starting a business requires you to set aside the emotions, gather information, and then make logic-based decisions about that information.

Picture yourself driving across a city, from your home to your favorite pot shop. At every intersection, you have to evaluate your options and decide which way to go to get there.

But what if you don't know how to decide? You could flip a coin at intersections, or always go straight. Then you won't end up at your favorite pot shop. Without logic-based decisions, you'll end up someplace else.

Starting a cannabis business is a lot like this example.

Before you start the business and after your grand opening, you are going to face dozens, maybe hundreds of decisions every day. You will need to gather the information, evaluate it, make a decision, and move onto the next decision.



In the Cannabis Business Roadmap, we'll provide the resources and step-by-step guidance to help you through this process, so you can make the best decisions for your own situation.

Everyone brings a different background to this material. If you have experience starting a business, you may not need to start at the beginning. Use the 4-part roadmap to navigate to the information, tools, or resources you need.



Who is this for?

In 2020, the Washington State legislature found that individuals who have been arrested or incarcerated due to drug laws, and those who have resided in areas of high poverty, suffer long-lasting adverse consequences due to the enforcement of drug-related laws. This includes impacts to employment, business ownership, housing, health, and long-term financial well-being for themselves, their children, and their communities.

To address this, the legislature passed a Social Equity program to help create **an equitable cannabis industry**. The program sets aside cannabis business licenses for social equity applicants and offers financial and technical support for their businesses.

The Cannabis Business Roadmap training is offered under this program. **It's free and available to anyone interested in starting a cannabis business in Washington State.** This online training teaches the skills to start a cannabis retail business and will help you determine whether you're eligible for additional assistance under the Social Equity program.

Overview of the Cannabis Business Roadmap training

The Cannabis Business Roadmap was developed under the Washington State Social Equity Cannabis Program. This free online learning program is for Washingtonians interested in learning about starting and operating a retail cannabis business in Washington State.

In this training, we focus on the aspects of business that you need to know, rather than on specific products in the industry. *This information is provided for training purposes only and is not intended as a substitute for legal advice.*

The training is divided into four sections:

1. Introduction to the Cannabis Business Roadmap
2. Set Up a Legally-Compliant Business
3. Do the Numbers: Finance & Accounting
4. Create Your Cannabis Business Plan

If you're new to starting a business, we recommend going through the sections in order. But if you have experience starting a business, either in cannabis or another industry, you can navigate to a specific section to watch videos or download tools and resources.

Much of this training is focused on the setup, and that takes time and effort. You might be tempted to skip steps, but wait! We don't just want you to start a business, **we want you keep that business going**. The time and effort you take for the setup will pay off in the long run.

The definition of an entrepreneur includes assuming the risk of the business. In the video, "A day in the life of a cannabis business owner," we'll show you how the right setup helps you address the risks. That puts you in a position to succeed and thrive.

Before You Begin: Thinking like a cannabis entrepreneur

You are about to dive into a new venture, in a industry that is constantly changing, highly regulated and is going to demand a lot of your time. In addition, you are going to hire staff that is relying on you to help them make a consistent income. Now is the time to really assess yourself to ensure you are ready for the road ahead and those responsibilities.

We put together a series of questions that is going to help you paint a clearer picture for you and ways you can take steps to become what you are truly becoming: a leader in the cannabis space.

As you look at these questions, consider all of your life experience. No matter where you've been or what kind of things you've done outside the structure of "business," you have developed transferrable skills. These are your unique skills and strengths, and you can use them to launch a cannabis business.

Know yourself	Yes	No
• Do you adapt well to change?		
• Are you a risk-taker?		
• Do you know how to measure and evaluate risk?		
• Are you good at creating a plan and sticking to it?		
• Are you good at understanding and following rules?		
• Do others see you as a leader?		
• Do you have a strong support network?		

Know yourself	Yes	No
<ul style="list-style-type: none"> • Do you know how to expand your network? 		
<ul style="list-style-type: none"> • Are you willing to pay for professional advice when you need it? 		
<ul style="list-style-type: none"> • Are you able to work long hours, and is your family able to deal with your absence? 		
Know your people		
<ul style="list-style-type: none"> • Do you have business partners you trust? 		
<ul style="list-style-type: none"> • Do you have business professionals you trust (like an accountant, marketing professional, or lawyer)? 		
<ul style="list-style-type: none"> • Would you feel comfortable hiring people who are not your family or close friends? 		
<ul style="list-style-type: none"> • Do you know the people you hope to have as customers? Can you describe them? 		
Know your industry		
<ul style="list-style-type: none"> • Do you feel that you understand the cannabis industry? 		
<ul style="list-style-type: none"> • Do you feel that you understand the products you plan to sell? 		
<ul style="list-style-type: none"> • Do you know where to go to get information about the industry? 		
<p>Why do you want to start a cannabis retail business?</p>		

If you answered "yes" to most of the questions, and you can clearly explain why you want to start a cannabis retail business, then you're in a good position to proceed with the Cannabis Business Roadmap.

If you answered "no" to most of the questions, or if you can't clearly explain why you want to start a business, then this might not be the right time for you. You may need to take some time to develop your leadership and entrepreneurial qualities. If you are a social equity applicant (explained below), mentoring and support are available through the Washington State Social Equity Cannabis Program.

The Washington State Social Equity Cannabis Program

Cannabis Business Roadmap training is available online to anyone who is interested in learning. For social equity applicants, there are additional resources available, including mentorship, technical assistance, and grants. To learn whether you are eligible, you'll need to understand two key terms, explained below:

SEA	DIA
<p>"Social equity applicant" means an applicant who meets at least two of the following qualifications:</p>	<p>"Disproportionately impacted area" means a geographic area within Washington state where community members were more likely to be impacted by the war on drugs.</p>
<ul style="list-style-type: none"> • Lived in a disproportionately impacted area in Washington state for at least 5 years between 1980 and 2010 • Has been arrested or convicted of a cannabis offense or has a family member who has been arrested or convicted of a cannabis offense • Had a household income that was less than the median household income within the state of Washington • Is both a socially and economically disadvantaged individual as defined by the office of minority and women's business enterprises 	<p>The Washington state LCB has published draft maps of these areas at https://lcb.wa.gov/se/dia-maps</p> <p>These areas have a high rate of one or more of the following:</p> <ul style="list-style-type: none"> • People living under the federal poverty level • People who did not graduate from high school • Unemployment • People receiving public assistance

If you think you qualify, you'll want to review the two Washington state laws that explain what a social equity applicant is and list the details of the program:

- RCW 69.50.335, Cannabis retailer, processor, producer licenses—Issue, reissue of licenses—Social equity applicants—Rules—Definitions.
Read the law here: <https://app.leg.wa.gov/RCW/default.aspx?cite=69.50.335>
- RCW 43.330.540, Cannabis social equity technical assistance grant program.
Read the law here: <https://app.leg.wa.gov/rcw/default.aspx?cite=43.330.540>

If you qualify as a social equity applicant, you can learn more about the Washington Social Equity Cannabis Program at <https://launchmycannabiz.com/>. The website provides information about a number of resources available to help you set up your business.

In the Cannabis Business Roadmap, Section 2: Set Up a Legally-Compliant Business, you'll learn about the Washington State cannabis license application process and how to write a social equity plan.

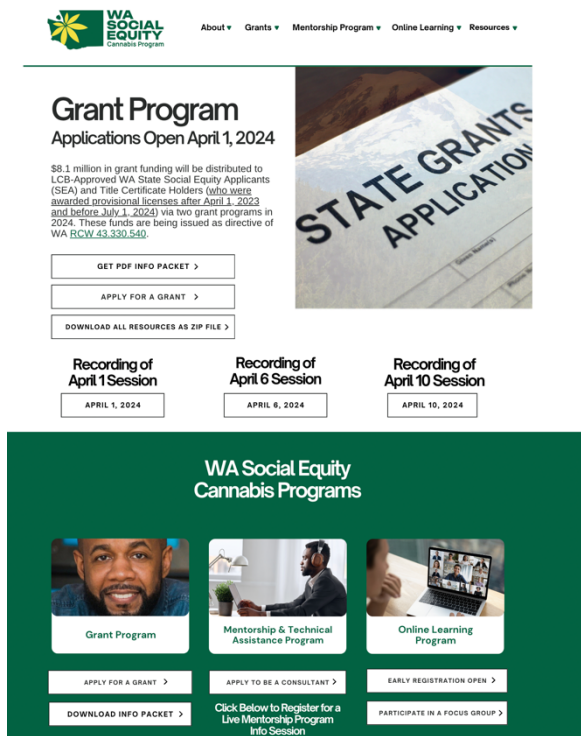


Figure 1: launchmycannabiz.com website

Five things you need to start a successful cannabis business

There's a world of information available on starting a business, from books and university courses to websites, articles, and videos. You might feel overwhelmed with all there is to know, so we've highlighted five things you need to be successful.

1. A business learning mindset
2. A business plan
3. Leadership qualities
4. A network of business professionals
5. Understanding of risk

A business learning mindset

To succeed in a big enterprise like starting a cannabis business, you'll need to learn about a lot of new subjects. In the beginning, you don't even know what you don't know.

The good news is, no matter where you started or where you are in life, you've brought lots of life experience to this endeavor. **Your life experience is valuable.**

When you combine your life experience with curiosity about what you need to know and how you can best learn it, you have a business learning mindset.

A business learning mindset breaks down internal barriers and allows you to invest in yourself, your family, and your community. There are many ways to gain the knowledge, skills, and confidence you need to succeed as an entrepreneur.

No matter what challenges you face, **having an open mind and wanting to learn is the first step** to get what you need from resources like the Cannabis Business Roadmap.

A business plan

You might think that a business plan limits your flexibility by requiring you to do things a certain way. That's not true.

A business plan actually makes you more adaptable, able to navigate challenges and uncertainty.

In the Cannabis Business Roadmap, you'll learn how to create your own business plan, which gives you a clear direction and strategy. With your business plan in hand, you can anticipate roadblocks, identify opportunities, and make informed decisions.

You create your business plan by writing out your assumptions and setting your goals. Thinking back to the city map we shared in the beginning, first, you need to know where you are. Then you think about the steps to get where you want to go. **The business plan captures those steps.**

But in a fast-changing industry like cannabis, your business plan isn't set in stone. It's a living document, serving as a flexible roadmap and allowing you to respond to changes in the market or the regulatory environment.

You do write down your initial assumptions about how you'll start and run the business, based on your research. Based on that, you set goals that you want to achieve. But you don't set it on the shelf at that point. You revisit your goals regularly, adjusting them according to the changes you experience.

Where to learn more

In the Cannabis Business Roadmap, we'll cover the business plan in detail in Section 4.

Leadership qualities

Starting your own business is like being the captain of a ship. You're the one steering it, making decisions, and keeping everyone on board motivated and working together. You need to be a strong leader, because even if you have the skills to do every single thing, you can't do it all alone. You'll burn out.

In the process of starting and running your business, you'll be working with many other people: employees, customers, and business professionals, such as suppliers or mentors. A strong leader has these qualities to keep the business running smoothly:

- Confident
- Well-organized
- Clear communicator
- Inspires others to do their best
- Builds trusting relationships at all levels

These qualities will enable you to make good decisions regarding others and to choose the right people to delegate decisions to.

As the writer of the business plan, you have a clear idea of where you want to go and how to get there. Leadership ensures that everyone else involved stays on course with you.

Where to learn more

Self-evaluation: Take an online Leadership Assessment test, such as CliftonStrengths or DISC. Use the results to reflect on your strengths and determine areas you need to work on.

A network of business professionals



In the process of making your business decisions, it's easy to get stuck on #1, Gather information, and #2, Evaluate options. At any point in the process, you might be faced with something completely new, wondering, "What should I do now?"

That's where you need a team to back you up.

Your team is a network of professionals who provide support through every step of the entrepreneurship journey. You can take heart, knowing that someone, somewhere has done this before. You just need to find that person and learn from their experience.

At this point, we're not talking about employees, but professionals with experience in the different areas of starting or running a business. Some of these may become employees, but since you're still in the startup phase, the relationship you'll have at this point is different.

Here's a checklist of the kinds of people you'll be working with. Use this to find any gaps in your professional network:

	I know who to call	Where I'll look for this person
Supporters		
Mentors	<input type="checkbox"/>	
Teachers	<input type="checkbox"/>	
Technical support	<input type="checkbox"/>	
Collaborators		
Business partner(s)	<input type="checkbox"/>	
Social equity partners	<input type="checkbox"/>	
Other businesses	<input type="checkbox"/>	
Business experts		
Cannabis experts	<input type="checkbox"/>	
Attorney	<input type="checkbox"/>	
Real estate professional	<input type="checkbox"/>	
Accountant	<input type="checkbox"/>	
Banker	<input type="checkbox"/>	
Bookkeeper	<input type="checkbox"/>	
Payroll service	<input type="checkbox"/>	
Employee benefits expert	<input type="checkbox"/>	
Suppliers, vendors, and service providers		
Product suppliers	<input type="checkbox"/>	
Security services	<input type="checkbox"/>	
Designers	<input type="checkbox"/>	
Marketing experts	<input type="checkbox"/>	
Technical/IT experts	<input type="checkbox"/>	
Store fixtures vendors	<input type="checkbox"/>	
Packaging vendors	<input type="checkbox"/>	
Other helpful people		
Funders	<input type="checkbox"/>	
Librarians	<input type="checkbox"/>	
State and local government agencies	<input type="checkbox"/>	
Do you belong to any groups that can help you?		

Who else can help you start this business?

Paying for assistance

Just because you have a friendly relationship with a professional doesn't mean you won't be paying for their services. Keep this in mind as you write your budget. **Reach out and ask for their rates**, so you can set aside enough money to pay them.

Keeping track of your network

From the very beginning, you'll need to **think about how you keep track of all the people you'll be working with**. While you might be tempted to just save everyone in your phone, you should also consider creating a database or a spreadsheet for all this information.

That's because eventually, you're going to need to delegate tasks. When you ask an employee to make a call on behalf of the business, they should be able to easily access the name and number. Giving them the tools for this falls under the "well-organized" quality of business leadership.

Where to learn more

In StartUp Washington's Small Business Playbook, there's a chapter on "Finding the Right Coaches" that talks about the importance of a mentor, attorney, or CPA in starting your business. <https://mystartup365.com/resources/publications/small-business-playbook-14/>

If you are a social equity applicant, mentoring and support are available through the Washington State Social Equity Cannabis Program.

Understanding of risk

All businesses understand the need to take risks, but let's be honest — some of the biggest brands you can think of were able to take risks that we just can't afford. Knowing how and when to take a chance to improve your business is going to be crucial for business growth.

Starting and running a business brings two kinds of risk:

- Internal risks (weaknesses)
- External risks (threats)

Risk management is an entire field of study, but for our purposes, it involves **making a plan to handle things that could go wrong** when you start a cannabis retail business. You think about what might happen and how bad it could be. Then you consider two things:

- What could you do to make things better?
- How could you prevent this from happening?

Not all risks come from negative events. Risk can come from opportunities, like expansion and growth.

Dealing with risk requires honesty with yourself and others, planning, and flexibility. Learning about risk management practices is one way to reduce risk and make sure you have the greatest chance to succeed.

Where to learn more

The Financial Literacy for Small Businesses training from StartUp Washington offers an entire free module on Risk Management:

<https://mystartup365.com/resources/financial-literacy/risk-management/>

What about business culture?

Culture is the way a group of people does things. A neighborhood has a culture, and a business has its own culture within that. The cannabis industry has a culture, too.

There are three important things to know about culture:

1. You can influence it...
2. If you know how it shows up...
3. Especially as a business leader.

A lot of people assume that culture is too big to change. That's not true. When you understand how culture shows up, you'll see how you can influence it.

Culture shows up in three ways: **artifacts**, **behavior**, and **values**. We break that down with the following examples related to your store.

Artifacts	Behavior	Values
<p><i>Things you can see or touch</i></p> <p><i>For example: A written policy about eating during working hours</i></p>	<p><i>Behaviors and actions we can see and experience</i></p> <p><i>For example: Going to the break room to eat a snack</i></p>	<p><i>Attitudes and assumptions we experience but don't see</i></p> <p><i>For example: Feeling that it's OK to take a break to eat</i></p>
<ul style="list-style-type: none"> <input type="checkbox"/> Business plan <input type="checkbox"/> Operations plan <input type="checkbox"/> Budget <input type="checkbox"/> Furnishings and signage <input type="checkbox"/> The music played in your store <input type="checkbox"/> Dress code <input type="checkbox"/> Purchase receipts <input type="checkbox"/> Packaging <input type="checkbox"/> Written procedures 	<ul style="list-style-type: none"> <input type="checkbox"/> How managers talk to employees <input type="checkbox"/> How employees talk to each other <input type="checkbox"/> Body language <input type="checkbox"/> How employees greet customers <input type="checkbox"/> Who speaks at staff meetings <input type="checkbox"/> Opening the store on schedule 	<ul style="list-style-type: none"> <input type="checkbox"/> Attitudes about the customer, like "the customer is always right" <input type="checkbox"/> How important it is to follow rules <input type="checkbox"/> Feelings about being in charge or bossed around <input type="checkbox"/> Unspoken rules about behavior or speech <input type="checkbox"/> Assumptions about punishment or consequences

As a business leader, you are taking on a role in creating and influencing culture. However, "with great power comes great responsibility." Take a few minutes to think about how you experience culture around yourself. If your business is successful, how would you like to see the culture change?

YOUR CULTURE Think about your neighborhood culture. What's important to you? What areas would you like to influence?		
Artifacts	Behaviors	Values
Now think about your store culture. What areas would you like to focus on?		

Check-in and reflection

Pause here to reflect on what you've learned about starting a cannabis business. What areas do you want to explore more thoroughly? We've provided some links to additional resources at the end of this section.

Let's review what you're able to do related to starting a cannabis retail business:

- You can explain what it takes to think like an entrepreneur.
- You can develop a list of possible members of your business professional team.
- You can list risks involved in starting a cannabis retail store in Washington state.
- You can explain how culture shows up and how a business leader can influence it.
- You can evaluate whether starting a cannabis business in Washington state is the right path for you.

Resources

General business training resources

StartUp 365: Washington's Small Business Training & Education Center

<https://mystartup365.com/>

Washington State Small Business Guide

https://www.business.wa.gov/site/alias_business/927/Small-Business-Guide.aspx

US Small Business Administration

<https://www.sba.gov/>

SCORE, a 501(c)3 resource partner for the SBA

<https://www.score.org/>

Resources for social equity applicants

Washington Social Equity Cannabis Program

<https://launchmycannabiz.com>

Leadership assessments

CliftonStrengths for Leaders (paid online test)

<https://store.gallup.com/p/en-us/15310/cliftonstrengths-for-leaders?c=1>

Tools for this chapter

1. Entrepreneur self-evaluation
2. Business team checklist
3. Business culture worksheet
4. Business risk worksheet
5. Business decision-making handout
6. Staying informed tipsheet
7. Summary page (review and next steps)