

6 Lessons To Learn From Emerging Industries When Breaking Into Cannabis

Is there a model already out there to help find success in the cannabis industry?

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Cannabis is totally unique in a number of ways. It's why myself, and many of my peers, are drawn to the industry: For the opportunity to create unprecedented experiences in recreation, wellness and medicine.

Still, for all its trailblazing, the industry itself is not reinventing the wheel. Experience in contemporary emerging industries – from network building, to regulatory uncertainty, to market volatility – reveals shared lessons that both sides would do well to learn. To better understand some of those core competencies, see below on what those thinking about entering the cannabis industry should utilize.

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Hitting Your Stride Will Not Be Easy... And It Takes Time

Launching into uncharted waters practically guarantees unforeseen barriers. A lack of services or supportive software, trade barriers or simply the timeline for the market to develop will take time; so be prepared for the long slog.

It's critical to build a sustainable growth to match this timeline. Do not assume that simply spending money to do a land grab is going to make a business viable. Ensure that the next stage of capital is ready in order to take the next step.

Relationships Are Key, And They Also Take Time

Relationships build resilience and support for the ups and downs that are inevitable in an emerging industry. They are your ear to the ground, and they help you vet other relationships faster.

Good relationships also take time and attention to develop. Use relationships to build a community around you. Fully vet suppliers, partners and customers to create a sustainable and trustworthy network.

And, finally, recognize that not all relationships will be perfect, so do not let your company be weakened by a relationship that lacks transparency, or that you don't have control over.

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Vision And Traction Trump Market Data

In emerging industries, market information is often not readily available. The information that is out there in the cannabis industry should be approached with skepticism – simply put, just about anyone can publish something, and much of what is out there is self-serving in some way.

It is also essential to remember that the behavior of early adopters will not necessarily indicate the trends of the

future. Pay attention to shifting consumer behavior, and put energy into developing your own vision and traction.

Beware Of Price Volatility

Discovering how consumers value your product, and how that value shifts over time as competition floods into the market, can dramatically sway what you're able to charge. Further, the cost of goods sold can be equally volatile – the cost of hemp in the United States, for example, declined 60 percent in six months in 2019 – so pay close attention to industry news before optimistically jumping into a new opportunity.

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Are You In It For The Long Haul, Or Just For A Quick Flip?

Expanding on price volatility, when in an emerging industry, there will be periods of rapid growth and steep declines – so expect recoils when the market overextends itself.

If your goal is to sell the company at the next peak, can you last until then? Do you have enough capital? If you're looking for staying power, what is your plan to weather sustained volatility? Clarifying your goals will help you systematically tackle the challenges ahead.

Regulatory Uncertainty Will Be A Constant

Cannabis has had particularly well-publicized run-ins with regulatory uncertainty, but, for better or worse, such is life in nearly every emerging industry. Understand what rules exist that are shaping your business, but also be aware of how they might change either rapidly or over time. How will your

business react if your key assumptions change?

Contingency planning, optionality and flexibility are key to surviving shifting legal landscapes in emerging industries, so the cannabis industry is no different.

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