

**Operating**

**a**

**successful**

**dispensary**

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## Introduction

Maybe you are part of the entrepreneurs' rush to join the dispensary sector. Business prospects abound as more states begin to allow the selling of recreational marijuana. It's no wonder that marijuana is the gold rush of today, with enormous profit margins and a largely insatiable target demand. The cannabis market cap is currently predicted to triple to over \$30 billion by 2025. The improvement of the use of CBD would add much more to this.

But it is no easy task to start a new dispensary. With the average dispensary totaling \$775,000 in start-up money, it's expensive upfront. Plus, it is highly regulated, which means that business owners must be sure that they have all the permits and licenses required. If they fail to function without them, steep fines or even closure of storage will result. And, while we will lay out some of the basics in this book on how to open a dispensary, because of these legal problems, before

jumping in, it is essential to seek legal counsel. Hopefully, this guide will get you started and encourage you to learn more about the first steps towards creating a new cannabis retail store.

## **Step 1: Hire a Great Dispensary Team**

There are millions of retail-employed Americans. There is a lot of demand for excellent retail jobs, so finding the right match for your store is not always easy. All distributors are looking for hard-working, passionate, and related individuals to staff their shop. For dispensaries, this is especially the case. Team members must have serious attention to detail, detailed knowledge of each product, compliance with strict cannabis legislation, and the ability to adapt to each shopper's experience. Consider the following to find the right team to open your dispensary:

### **Using different channels for recruiting**

To make it easier to apply and explain what roles you're looking for, start by updating your website. This should not be a move that weeds prospective applicants out. Keep it concise, regularly updated, and incorporate meaningful information.

Additionally, on other sites, dispensary retailers can search for candidates. Not all of the best new hires will find you; you can use resources to target a wider audience instead. Using job searching and headhunting sites for third parties. Have vital information on these postings, like your website, but don't make them confusing or daunting.

### **Prepare ahead of time for interviews.**

It is a hassle to interview both parties. You certainly expect the planning of all candidates, so you should do the same. Ensure you're able to identify your business's identity and convey what you're looking for at your dispensary as a team member. It is also essential that each position's roles and expectations can be articulated so that applicants know what to expect if/when they start the job.

### **Ask the appropriate questions.**

Instead of a rigidly formal affair, keep the interview natural and let it flow like a conversation. Don't hurry and give the interviewee time to respond in full and thoughtfully. To expose them to

other workers and the management, a cannabis employee may need to work closely with their teammates. They'll also spend a lot of time with customers face-to-face and need to be fluent in the items offered by your store. To find out how passionate and intelligent they are, ask them about the things they love.

Remember, dispensaries want to recruit workers who are outgoing, personable, and enthusiastic. They're going to represent the brand and be in control of how much you sell. Opening a new dispensary is a crucial move in giving it the time and effort it deserves.

## **Step 2: Plan Your Financials**

Setting up your financial information and ensuring that you have a viable company in place is a less exciting step of running a dispensary.

State laws mandate that all prospective applicants have evidence of capitalization and a minimum amount of liquid cash on hand for dispensaries—the more significant, the more potent.

It is both highly competitive and costly to open a new cannabis store. Entrepreneurs will face a lot of competition from other applicants in most nations. And money on-hand at the outset is also a deciding factor in whether the requisite licenses are issued to companies and which are not. After all, most banks hesitate to provide dispensaries with conventional loans, so the state wants to see if you have the cash you need to get the company off the ground. Generally speaking, to be accepted, you would need a lot of money.

## **Step 3: Get the Right Business Plan**

A business plan is an aspect that no one wants to deal with. But in the process of opening a new dispensary, it is arguably the most critical step.

Start by identifying the company's priorities and the mission statement for your dispensary. Do you want to concentrate on offering high-quality medical marijuana, or do you want to appeal

more to recreational users in your shop? Will you aim to provide residents with stable employment and revenue?

You'll also need to get more info about the goods you're going to sell and who you think would buy them. Again in the cannabis industry, there is a plethora of competition, and you have to show potential investors and state regulators how your company can stand out from the rest.

Also, organizational, marketing, and financial plans have to be set out. This means that you understand the company's structure, what salaries and benefits will be for workers, who you will recruit, and much more. Together, this reveals what your original strategy will be and provides contingencies if things do not go as expected.

For their business plan, however, dispensaries also need additional aspects:

### **Cultivation**

This points out where your cannabis will be sourced and how it will be grown. Note that cannabis sales have to be controlled across the entire supply chain, from seed to sale, so applicant reviewers need to consider how you expect to produce the crop.

### **Environmental**

To protect soil, air quality, runoff, etc., any company that grows a cultivated crop must meet strict environmental regulations.

### **Fire Safety**

Both specific fire protection legislation must also be complied with by greenhouses and dispensaries.

### **Regulation of Inventory**

As mentioned above, before its eventual sale, cannabis retailers must track each seed. To completely comply with this, you'll need a vast inventory management scheme. This is where the POS scheme for the dispensary comes in!

### **Product Safety**

Since you sell a consumable product to ensure that it is a healthy product for customers, you would need to follow all safety procedures.

### **Security and Staffing**

All dispensaries are expected to employ security guards and to operate at any given time with a sufficient number of staff members. It is necessary to protect against fraud since the commodity being sold vigorously could be illegal in neighboring states or counties.

## **Step 4: Choose Your Legal Entity**

Start with your local government by registering your business name and any DBA. You will need to reach out to the U.S. Patent Office and Trademark to obtain the proper license to prohibit all other corporations from using it.

Under copyright rules, any intellectual property that your company has must also be covered. This may involve artistic work, product names or strands, logos, slogans, and more, aside from the company name.

As any corporation, to get an employer identification number, dispensaries must register with the IRS so that workers can correctly file taxes with their employer.

Lastly, pick your legal entity. Dispensaries would have four choices in most cases:

1. **Sole Proprietorship**– Sole proprietorships mean that a single individual owns and runs the company, the most uncommon for an enterprise is the size of a dispensary.
2. **Partnership** – Businesses have many shareholders, but taxes would be charged from personal income returns, like sole proprietorships.
3. **LLC** – LLCs, the most common, safeguard partners from some financial obligations.
4. **Corporation** – With no owner, businesses pay taxes through the organization rather than through a single entity or group of individuals.

## **Step 5: Get All Cannabis-Related Licenses, Permits, and Business Insurance**

There are several laws related to cannabis development, cultivation, sale, and usage. And it is essential that business owners strictly adhere to all required city, county, state, and federal laws. A significant component of this is proper licenses, permits, and insurance.

As of the end of 2019, there are 34 states, D.C., Guam, Puerto Rico, and the U.S. Virgin Islands that make it possible to sell and use medicinal marijuana. The remaining 16 states and territories have outlawed any use.

Let's go through some of the usual paperwork things you'll need if you're opening a business in an environment that allows for it:

### **Seller's permit**

Several businesses need a special permit for a specific niche to sell goods. No exception is cannabis. The first place to start is this.

### **Duration**

Many states offer licenses for sale that are temporary or permanent. Usually, every year, permanent permits must be renewed.

### **Cannabis-specific seller license**

In addition to a standard seller's permit for cannabis, additional application licenses and annual fees are required.

### **Business plan**

Most states expect a business plan with the items discussed above. The business plan comes with even more criteria in some jurisdictions. Again, this is an area that is better for a legal team to consult in.

The licenses and charges differ widely. They may be below a thousand dollars in some states; they are in the tens of thousands in others.

To protect against typical risks, insurance is also required.

## **General**

Landlords and states expect this to protect people from damage or injury caused by your business.

## **Product**

This insurance covers your product, equipment, and every other product at a considerable cost to your business.

## **Medicinal**

Dispensaries must protect against in-store or en route product losses during transportation.

## **Step 6: Market Your Cannabis Shop Grand Opening**

Come up with a schedule for your pre-opening marketing and grand opening once you get all the hard stuff out of the way.

Start by having your shop, including those directly related to dispensaries, listed on all necessary websites. But Facebook, Google, and so on are included. For increasing brand recognition and reputation, these are so important. They also make finding your store and any simple details such as reviews, prices, hours, etc., easy for prospective customers.

Turn your opening day into an experience that provides an excellent deal for your first-time shoppers. You want to thank everyone who turns up, attract a massive crowd on the first day, and ask them to come back soon. Use your inventory management and sales monitoring software to calculate your margins in advance at your point of sale. You do not want to sell a deal that is too good to be true.

## **Step 7: Build a Great Website**

Finally, concentrating on creating an excellent website for your store is crucial. Cannabis stores don't need anything, but they can provide your goods with the necessary information and store information.

While shoppers can't use credit cards to buy cannabis goods, dispensaries should set up online menus that enable remote shoppers to pre-order items, rendering e-commerce shopping impossible. This helps them to order things online at a later time and pick it up. This adds relaxation to the experience, enabling them to skip lines.

The online menu can integrate with the management of your POS inventory so that all inventory listed as in stock on the web is correct. You don't want to order things you don't have from shoppers.