metrc

Mastering the transition from medical to (adult use)

How Green Thumb Industries navigated market expansion in Ohio.

Introduction

Ohio's transition from medical to adult-use (AU) cannabis has set a new gold standard in the U.S. market, becoming the fastest state to move from voter approval to recreational sales. In just nine months, Ohio launched its AU market—far outpacing other states that have taken years to implement similar programs. This unprecedented speed required operators to be highly agile, balancing compliance, operational expansion, and consumer demand in record time.

A key factor in this smooth transition was the ability of operators like Green Thumb Industries (GTI) to adapt quickly. Under the leadership of Logistics and Fulfillment Optimization Manager Kayla Millwood, GTI set an example for market readiness by implementing proactive strategies, leveraging compliance tools, and collaborating with key partners. Through careful planning and operational agility, GTI successfully navigated Ohio's accelerated timeline, proving that even in high-pressure transitions, efficiency and compliance can be maintained.

At the foundation of this success was a robust compliance infrastructure. Metrc's track-and-trace system provided the essential tools that enabled

Timeline

June 8, 2016: Governor John Kasich signed House Bill 523, legalizing medical cannabis in Ohio.

November 7, 2023: Ohio voters approved Issue 2, legalizing adult-use cannabis with 57% in favor.

August 6, 2024: Dual-use dispensaries opened, marking the start of recreational cannabis sales.

operators like GTI to maintain regulatory adherence, scalability, and traceability throughout the transition. By equipping businesses with powerful tracking and reporting capabilities, Metrc helped streamline workflows, reduce compliance risks, and create the stability needed for a fast-moving market to operate effectively.

Still, even the most well-prepared businesses encounter significant challenges along the way. From shifting regulations to operational inefficiencies, success requires strategic foresight, adaptability, and a commitment to continuous improvement. GTI's ability to navigate these complexities, supported by Metrc's compliance solutions, provides a roadmap for other operators facing similar transitions.

The expansion to an adult-use market is a multi-faceted process that presents unique challenges for operators and regulators alike. Ohio licensees faced several critical hurdles, including:

Regulatory compliance

Updated workflows were required to meet stringent labeling and traceability standards. Dual-use licenses added complexity, as operators needed to maintain compliance with both medical and AU regulations simultaneously.

Operational scalability

Transitioning to a larger consumer base demanded significant labor and operational resources. Operators needed to balance scaling up production and retail operations without compromising efficiency, quality, safety, or compliance.

Demand variability

Despite expectations for robust consumer interest, Ohio's AU market saw an initial surge in sales when recreational sales began. However, not all operators experienced this spike equally. GTI, like some others, did not see the anticipated lift in demand, requiring them to recalibrate scaling strategies and maintain flexibility in their workflows.

Millwood observed, "We prepared for absolute war... and what ended up happening was not the scale to an AU space that we expected."

Ohio Cannabis Sales Growth (Medical vs. Adult-Use) in 2024
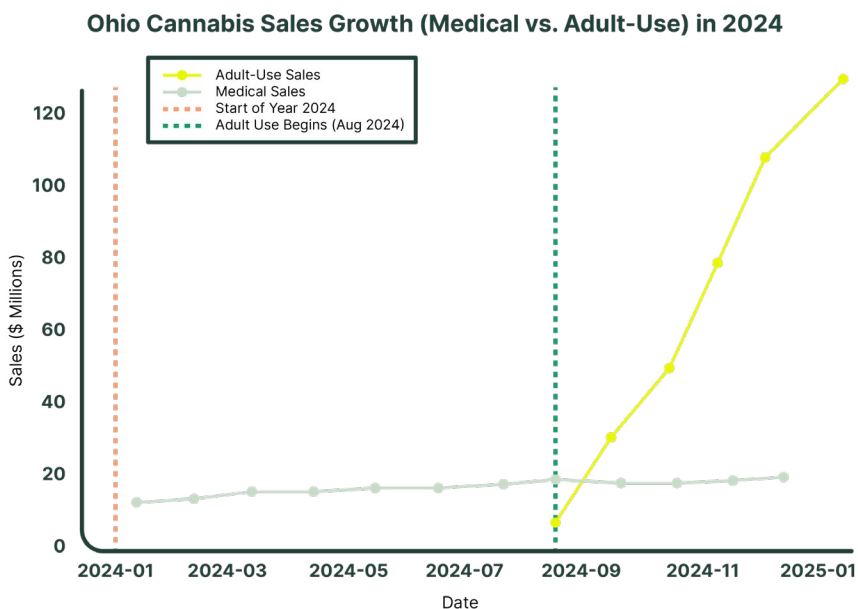
Source: Ohio Department of Commerce Division of Cannabis Control Historical Sales Data

GTI, under Millwood's leadership, adopted a proactive and compliance-driven approach that ensured operational excellence throughout the transition.

1. **Preparation and mobilization before launch**

   GTI's readiness began months before Ohio's AU mandate. The company conducted a full track-and-trace transition using Metrc's tools, ensuring seamless compliance upon market entry.

   Additionally, GTI deployed a SWAT-team-style model, with dedicated teams on the ground to manage site-level execution and address real-time challenges. "We move into that market and literally live there to be the eyes, ears, and so on for both the company and the site," said Millwood.

   > "The SWAT team approach ensured real-time issue resolution, while Metrc's hands-on support bridged the gap between compliance requirements and operational execution."
   >
   > Kayla Millwood
   > Logistics and Fulfillment Optimization Manager

2. **Operational efficiency through applied technology**

   Leveraging Metrc's CSV upload feature through the enhanced Data Import Queue tool, GTI achieved dramatic efficiency improvements:

   - 91% reduction in transfer manifest creation time

   - 55% decrease in transfer manifest errors within two months

   - Over 200 labor hours saved monthly

   This specific system feature allowed GTI to automate previously manual tasks, freeing up resources for customer-facing and growth-focused initiatives.

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200+
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What is the Data Import Queue?

Metrc's enhanced Data Import Queue tool allows users to upload and manage large volumes of data efficiently while reducing manual work and errors.

Features & benefits

- **Capacity:** Upload files with up to 10,000 rows (or 1 MB in size).

- **Concurrent file processing:** Queue multiple files for upload simultaneously, enabling you to continue other work while the system processes your data.

- **Error handling:** Processes valid rows even if some contain errors, with a downloadable file for corrections, saving time compared to re-uploading entire datasets.

- **Real-time notifications:** Receive status updates via in-system alerts and email, so you always know where your files stand.
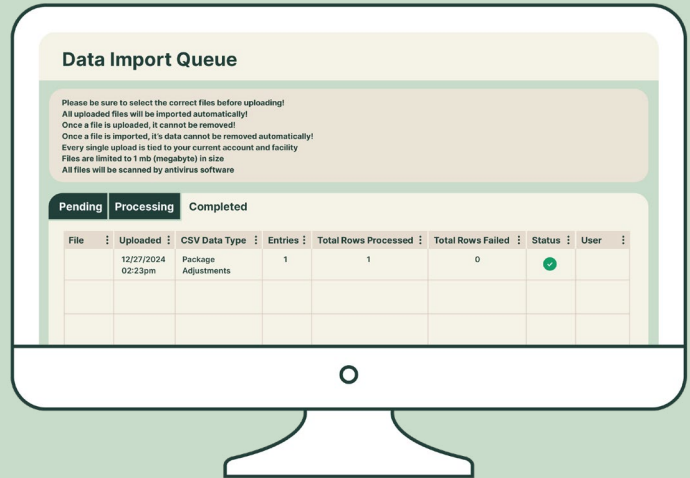
The Data Import Queue is easily accessible in the Metrc system via the main toolbar dropdown for all users.


3. Collaborative problem-solving across the board

Metrc's culture of support is built on accessibility, problem-solving, and proactive communication. While Metrc leaders across the organization, including Product Management, provided direct assistance during GTI's market transition, the tools and processes available to all Metrc users mirror this responsiveness.

For example, GTI leveraged the Metrc Support portal to submit and track cases, ensuring transparency and reducing downtime.

Visibility into case resolution

Metrc's Support portal offered GTI visibility into open cases, ensuring transparency and fast resolution times. This level of visibility reduced uncertainty for GTI, allowing their teams to focus on operations rather than chasing updates.
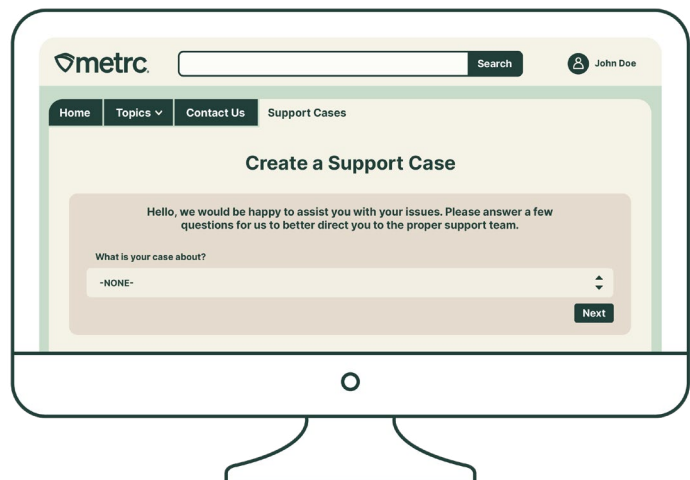
> "The Metrc team is just the easiest team to collaborate with. They're genuinely helpful, and I can't say enough about how much I appreciate them."
>
> Kayla Millwood
> Logistics and Fulfillment Optimization Manager

4. Efficient solutions for compliance

To minimize labor-intensive workflows, GTI introduced a labeling solution that automated packaging adjustments for dispensaries. This innovation ensured compliance and reduced inefficiencies across their supply chain.

Millwood explained, "What I've been working on is… getting packages labeled [at manufacturing] so they scan into our POS with no additional touchpoints at retail."

5. Adapting lessons from other markets

GTI's success in Ohio's adult-use rollout can also be attributed to their ability to apply insights and lessons learned from other Metrc markets. In Nevada, for example, GTI faced inefficiencies in transfer manifest creation, where manual processes led to high labor costs and errors. Collaborating with Metrc, the GTI team provided valuable feedback that led to the development of the Data Import Queue tool, including CSV upload enhancements, to address these challenges. In turn, this tool reduced transfer manifest creation time, creating a scalable solution for compliance workflows.

Building on the innovations in Nevada, Millwood ensured GTI was over-prepared for Ohio's adult-use transition.

Millwood shared: "We did a full track-and-trace transition on AU prior to the mandate coming down. So, we were fully prepared versus being behind the 8-ball."

6. Streamlining compliance workflows across Metrc markets

These insights not only helped GTI excel in Ohio but also informed their broader operational strategies. Challenges such as labeling updates and non-standardized fields, like expiration dates, were mitigated through the consistent application of lessons learned in other Metrc markets.

7 Engaging external expertise

Emphasizing that operators should consider engaging external consultants to navigate complex transitions, Millwood stated: "The idea that a smaller MSO or a mom-and-pop could manage this without a consultant… you're running the risk of it being detrimental to your organization." This approach minimized risks and helped GTI ensure compliance in Ohio's evolving regulatory environment.

Results

GTI's navigation of the transition to AU cannabis yielded significant results:

Operational success: GTI achieved notable reductions in labor costs and error rates, ensuring scalability while maintaining efficiency.

Compliance excellence: Proactive planning and the adoption of Metrc tools ensured seamless adherence to state regulations, earning trust from regulators and stakeholders.

Industry benchmark: Ohio set a precedent for future transitions, demonstrating how proactive planning and technological adoption can drive success.

> "Ohio's transition had zero major compliance breaches during the first six months of AU sales, a rare feat in a dual-use market."
>
> Kayla Millwood
> Logistics and Fulfillment Optimization Manager

Key takeaways for licensed operators

- ✓ **Plan proactively:** Early adoption of compliance tools like Metrc ensures readiness. Train teams in advance to minimize risks and drive operational efficiencies.

- ✓ **Leverage technology:** Tools that automate workflows and reduce labor costs are essential for scalable operations.

- ✓ **Foster partnerships:** Collaborative relationships with compliance providers streamline market entry and enhance operational efficiency.

- ✓ **Engage external expertise:** When applicable, consider partnering with consultants or experienced providers to ensure a smooth transition, avoiding risks of non-compliance and inefficiencies.

A successful transition highlights how operators are increasingly adept at navigating the complexities of market shifts. By adopting proactive strategies and leveraging robust compliance tools, like Metrc, companies like GTI have set a new benchmark for how to manage operational and regulatory challenges effectively. Their experience in Ohio serves as a testament to the evolving capabilities of operators to adapt and excel in a dynamic industry landscape.

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Metrc is the most trusted and experienced provider of cannabis regulatory systems in the United States. Our solution combines advanced software, radio-frequency identification (RFID) technology, a dedicated customer-support team, and a secure database to track and trace cannabis from growth, harvest, and processing to testing, transport, and sale.

Visit metrc.com for more information.