



Mastering the path to inventory compliance success

How Happy Valley leverages Metrc to navigate inventory management in a dynamic regulatory environment.

Introduction

Licensed cannabis businesses face a unique set of challenges in compliance due to the constantly evolving legal landscape. State and local regulations often vary across markets, adding complexity to an industry that remains federally illegal. This creates a demanding environment where businesses must stay informed about shifting rules governing cultivation, manufacturing, processing, product testing, distribution, labeling, and sales throughout the supply chain.

Emerging markets, such as Massachusetts, which launched its legal cannabis framework in 2017 with the formation of the Cannabis Control Commission (CCC), continue to adapt to evolving regulations. Licensed businesses operating in these markets must navigate compliance requirements to foster a safe, reliable, and thriving legal industry.

To help the state regulate the cultivation, tracking, transport, testing, and sale of medical and adult-use cannabis, Metrc was contracted by the CCC the following year as the state's seed-to-sale track-and-trace provider.

Metrc supports licensed businesses through a comprehensive track-and-trace system and other solutions to simplify compliance reporting and help drive operational efficiency.

Happy Valley, a standout medical and adult-use brand operating in Massachusetts, is known for its commitment to quality, proprietary products, and transparency across the supply chain. While not immune to regulatory challenges, the organization prioritized its focus on compliance and data to ensure that all products not only meet state-mandated requirements but also go above and beyond delivering an exceptional experience – both internally and for their customers. Elliott Evans, the Director of Inventory & Logistics at Happy Valley, has played a crucial role in establishing and maintaining these high standards.



The Massachusetts cannabis industry set a new annual sales record in 2024 of \$1.64 billion, according to sales data cited by the Cannabis Control Commission (CCC) from the Metrc system, which brings the market to a total of \$7B+ in total adult-use retail sales since the industry launched in 2018.

Challenges

Strict adherence to regulations is critically important to operating legally, maintaining a good reputation, and avoiding costly fines or shutdowns. Ensuring proper documentation, managing employee training, and navigating the diverse legal framework across jurisdictions are all challenges licensed cannabis businesses must address to remain compliant and thrive in an increasingly competitive market.

Happy Valley faced several challenges in managing inventory compliance within the rapidly evolving Massachusetts cannabis industry.

Meeting state compliance requirements

Ensuring all products sold were compliant with state-mandated requirements, including testing and labeling, needed to be prioritized from the start. With a strong focus on product quality, consistency, and transparency with their customers, room for error on this front carried a significant risk.

In addition, meeting state requirements for their physical facility locations and inventory, including accurate compliance reporting and internal auditing, was a significant task that Happy Valley identified early on as an area that required meticulous attention. “When I started with Happy Valley, we just had cultivation and were starting from the ground up. I quickly found out that tracking inventory, even through the inspection process, was a gap that needed to be filled, so I raised my hand and said, ‘I know how to!’” said Evans.

Understanding regulatory guidelines, audits, and inspections

Across legal markets, regulatory requirements can change frequently and keeping up to date on what is changing and when, along with clear interpretation of rules, is no small feat. This also includes successfully passing initial post-licensing inspections to get the business up and running, to ongoing inventory audits conducted by the state, which can pop up at any time.

Evans stated, “We’ve had multiple unannounced surprise inspections at the Happy Valley facilities in Massachusetts. The investigators come in and the first thing they’re looking for is checking our digital Metrc inventory vs. physical inventory.”

Compliance reporting accuracy

Overcoming the initial compliance technology learning curve and putting sound standard operating procedures (SOPs) in place were challenges Happy Valley was aware of based on their team’s previous experience in the industry.

While these uphill battles existed during Happy Valley’s onset, their emphasis on the importance of accurate inventory management and data entry, maintaining an open mindset and culture for learning, and understanding the impact of regulatory changes on operations, their organization was able to hit the ground running and drastically reduce risks associated with future errors or issues.

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Solutions

Happy Valley faced challenges head on with Evans' leadership playing a key role in setting up their inventory management processes. In addition to being responsible for all Metrc-related compliance tasks across their Cultivation, Production, Retail, and Wholesale operations, the Happy Valley team implemented several key solutions:

Clear roles and responsibilities

As the Metrc Administrator (Admin) for their 10 licenses, Evans was granted full access across the system to control user permissions, manage accuracy of compliance data, and view reports to glean critical insights into their inventory management.

“Being the Metrc Admin for all our licenses – Cultivation, Production, Retail, Wholesale, Fulfillment, and all that goes along with it – I worked closely with our product makers to compliantly create the processes for everything related to compliance, Metrc, and inventory operations. It is crucial for the team to understand how we stay in compliance, report accurately in Metrc, and manage inventory efficiently.”

And, as one of the few Massachusetts licensed businesses managing their own distribution warehouses and transportation fleet, delivering nearly every day across licenses and to their 90 to 100 wholesale clients requires logistical precision.



Transparency, training, and communication

Happy Valley established a robust process for staying up to date with compliance laws and regulations alongside updates made to the Metrc system. With Evans taking the lead, he took advantage of the opportunity to create clear SOPs, which provided valuable guidance for their team in successfully completing daily compliance data reporting responsibilities.

Disseminating relevant information to other teams in a timely fashion has also been critical to their success. Through regular internal touchpoints, like team meetings to review “what’s new”, stand-ups, and other efforts, clear and frequent communication has allowed the team to remain agile and adapt their SOPs quickly.

Additionally, training programs were put in place early on to ensure all staff were aware of and complied with compliance policies. These programs extend well beyond initial staff onboarding and include use of Metrc resources – Metrc Learn, Metrc Support, and other supplemental information – and regular team and one-on-one meetings to address individual challenges.

“We have many people using the Metrc system every day based on their role, which can be a challenge since everybody has varying skill sets and different understandings of how the system works. Metrc Learn and the various guides have been very helpful for our team. Plus, the new Metrc Support portal has provided me direct visibility into cases we submit, so I can not only understand when they’re resolved, but work with my team proactively where I see issues trending.”

Elliott Evans
Director of Inventory & Logistics, Happy Valley

Results

The implementation of these solutions led to significant improvements in Happy Valley's operations and provides a clear roadmap for other operators to replicate.

Prioritize compliance processes

Finding the right balance of logic, effective organization, and practicality goes a long way when it comes to inventory management.

- Clearly define SOPs, roles, and responsibilities early and update regularly based on state requirements, Metrc system updates, and operational best practices.
- Be aware of reporting inputs and outputs on a personal level as it impacts organizational compliance.
- Create a troubleshooting checklist to identify where and how an issue may have occurred.

Happy Valley understands mistakes will happen and continues to quickly correct, intentionally adjust processes, and maintain a culture of continuous improvement.

Evans shared: "Figuring out how an issue occurred is half the battle. It may be that someone forgot to key something in right or hit a production batch flag. Taking the time to understand the "how" has helped calm a lot stress with having the responsibility of making sure our data is accurate and compliant at all times. We're all humans, we are going to make mistakes, but how we respond, learn, and adjust after these mistakes has made all the difference."

Prepare for audits and inspections

With proper planning, successfully passing both planned and surprise spot inspections is feasible with sound inventory management processes in place.

- Ensure the right people, processes, and technology are in place to maintain a record of success.
- Be meticulously focused on physical inventory vs. reported inventory matching at all times. If there's a discrepancy, be proactive in figuring it out and resolving the issue quickly.
- Maintain a culture of authenticity – the industry continues to navigate a learning curve, so remain open to finding new ways to improve.

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"I've had Inventory Managers that have been disappointed when the inspection team has come into our building and didn't visit their department because they're proud of their accuracy and the work they do...and they would like to show it off" said Evans.

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To date, Happy Valley's success rate from an inventory audit and inspection perspective is a testament to their dedicated focus and implementation of best practices.

Leverage compliance technology solutions

The use of technology and well-defined processes allows licensed businesses to efficiently manage inventory and compliance, contributing to their reputation as a leader in the cannabis industry.

- Utilize Metrc track-and-trace system capabilities to the fullest, including optional features and reports.
- Explore how third-party solution providers that integrate with the Metrc API are helping advance licensed businesses and drive improved compliance outcomes.
- When in doubt or if issues arise, reach out to Metrc Support for system questions or contact your state agency with regulatory inquiries.

For Happy Valley, staying on top of new Metrc features and functionality along with rolling out RFID and ERP solutions across their licenses helped fill a known gap as it related to operational challenges with inventory management.

“We make the effort to make sure our Metrc data is clean and accurate, and our entire team can vouch for it. We self audit all the time. This is our bread and butter and I think that kind of thing is where Happy Valley as a whole stands out” said Evans.



Implement resources for continuous learning

- Create robust onboarding procedures and invest time in ongoing learning opportunities for employees, like Metrc Learn, regular team meetings, or one-on-one sessions.
- Communicate relevant information across the organization in a timely fashion, including regulatory updates, changes to compliance system configurations, and updates to SOPs.
- Have an attitude of abundance and be an open book with your peers about what's working.



“The industry is filled with passionate people that love what they do. It’s not just about you and your success; it’s sharing that with others to make sure the industry continues to be successful. I have no problem showing other people our inventory management processes when they come in. In my mind, I’m like you...if you can take what we’re doing and use it in your facility, that’s great.”

Elliott Evans

Director of Inventory & Logistics, Happy Valley



Effective inventory management in cannabis is crucial for maintaining regulatory compliance and optimizing supply chain efficiency, while also ensuring that products meet safety standards and deliver an exceptional experience. In an industry with strict regulations, effective inventory control is key to minimizing risk and maximizing efficiency.

Happy Valley’s commitment to compliance integrity, transparency, quality, authenticity, and being an “industry explorer at heart” has allowed their organization to rise well above challenges and build trust with customers and regulatory bodies alike.



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.