

Prioritizing regulatory compliance in cannabis

How licensees work strategically with Metrc to enhance compliance outcomes

Introduction

The intricacies of remaining compliant

The legal cannabis sector is one of the most highly regulated and rapidly evolving industries in the country. To safeguard the health and well-being of patients and consumers, state governments have implemented a range of novel rules across the cannabis supply chain. Operators must strictly abide by these regulations or risk losing their license, the lifeblood of a cannabis business, be it for cultivation, processing, dispensaries, or testing labs. As these assets are essential for their ultimate survival, regulatory compliance has emerged as a necessary element of operational success.

The intricacies of remaining compliant often represent a source of struggle for license holders, costing a business time, money and other valuable resources.

The nature of emerging and expanding markets lead to new and adjusted rules. Add to this that regulations vary from state to state, with different government entities responsible for instituting these measures and communicating information to the public. Further, ongoing policy changes at the federal level will invariably lead to additional overhauls.

CULTA, a vertically integrated cannabis company, is intimately familiar with navigating the complexities of staying compliant, having operated in the space since 2015. Fortunately, the company has proven that these burdens can be alleviated by using the right tools. A strategic approach to these issues, in tandem with the proper leveraging of Metrc's track-and-trace technology, gives licensees the ability to facilitate seamless compliance and even promote operational success.



Challenges

A web of regulatory requirements

Operating in Maryland, one of the nation's fastest-growing cannabis markets, CULTA holds a trio of medical and adult-use license types bound by unique, nuanced language. Maintaining those licenses within a web of varied regulatory requirements for each presents a foremost challenge for the company.

In order to stay compliant, CULTA pinpointed timely communication with both Metrc and the Maryland Cannabis Administration (MCA) as a crucial element to success. In a new industry, especially in a state that only recently launched its adult-use market, understanding who to reach out to and what questions to ask can be a challenge. Since compliance is a thread that runs through every aspect of a cannabis business, missteps in this communication quickly trickle through an organization to create delays that lead to the risk of non-compliance.

As businesses grow and scale, they are naturally tasked with accounting for larger harvests and increased inventory. For CULTA, staying up to date on rule changes from the MCA and Metrc is paramount, but with five licenses across four locations, ensuring all staff are immediately aware of and adjusting to accurate policies adds a layer of complexity. Additionally, in an ever-changing landscape, maintaining numerous systems that do not integrate with each other produces inconsistencies, which can rapidly snowball into larger compliance issues.

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“Managers are trained and expected to periodically review Metrc entries for accuracy of information, and the Metrc platform is critical to our internal audits.”

James Pilchard
VP of Risk Management, CULTA

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Tools for operational success

Faced with an abundance of hurdles, CULTA set out to form a strategic approach to compliance and an emphasis on learning best practices with Metrc and the MCA. One of the most important strategies was the company's development of a dedicated compliance team. With a core team in place to review proposed initiatives, communication was tightened and streamlined, guarding its licenses against the risk of non-compliance.

As the Metrc platform is critical to inventory audits and requests from the MCA, Metrc makes sure to send Informational Bulletins (IBs), which CULTA's compliance team disseminates to all company stakeholders. CULTA's managers are also trained and expected to periodically review system entries for accuracy of information. The company regularly updates internal SOPs which are circulated through an online database that tracks employee reviews and changes.

Direct engagement with Metrc and the MCA has also been a successful solution. To ensure every agent within a company has the ability to fundamentally understand the regulations in their specialized area, Metrc provides licensees with training courses, from beginner to advanced, strengthening compliance practices across an organization. CULTA also pays close attention to MCA bulletins and has fostered a strong working relationship with members of the Office of Compliance and Regulation staff, the enforcement branch of the agency.

Metrc's ability to integrate with a growing number of third party systems further boosts compliance efforts for licensees. Recently, CULTA adopted a new enterprise resource planning (ERP) system that integrates directly with Metrc, helping to eliminate errors and save significant time. Additional online tools and handheld radio-frequency identification (RFID) scanners enable easy tracking and managing of plant and package inventory, cutting harvest time in half. Utilizing Metrc's RFID technology, CULTA is able to bolster visibility and data insight, driving accountability, increasing efficiencies, and enhancing compliance.

Results

A commitment to compliance technology and education

CULTA's strategic approach to compliance has allowed them to grow and thrive across the state of Maryland. By honing in on these solutions alongside Metrc and the MCA, and incorporating these practices as a part of its culture, the company was able to protect its licenses and focus on its core business. For example, in the last year, CULTA broadened its presence in Maryland by acquiring two new dispensaries, forming a partnership with cannabis brand Blissiva, and further solidifying its role in the state's new adult-use market.

By building a dedicated compliance team, emphasizing the importance of regulatory education, engaging with state regulators, and better leveraging Metrc's suite of compliance tools, CULTA set itself up for long term success. Regulations will surely change over time, on both the state and federal level, but continued investment in compliance technology and education remains one of the most valuable solutions for stability in the cannabis industry.





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.

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