

8 Checklists to Reduce Your Operational Costs

FOR MULTI-STATE OPERATORS

1. OPTIMIZE TAX STRATEGIES

Maximize COGS Deductions

Review all expenses and allocate eligible expenses to COGS for tax savings

Utilize Tax Credits

Many states have cannabis-friendly tax credits and deductions, conduct research to see if your business is eligible

Explore hiring, workforce, and social equity credits

Conduct Cost Segregation Studies

Consider tax-advantageous structures (e.g., REIT) to minimize tax burdens

Consult a cannabis accountant to explore additional tax savings

Conduct Quarterly Tax Planning Reviews

Schedule quarterly tax reviews with a cannabis accountant to ensure compliance and identify potential savings

2. STREAMLINE OPERATIONS

Centralize Shared Services

Consolidate security, HR, accounting, marketing, and procurement across all locations, *where feasible*

Outsource HR and payroll to one provider

Vertical Integration, *if legal in your state*

Create a house brand of products to increase margins

Optimize Inventory Management

Implement demand-responsive inventory systems and software

Set automatic alerts for low stock

Tailor products to each location's specific preferences and buying patterns

Standardize inventory procedures across locations

Optimize Distribution Logistics

Optimize distribution routes

Optimize delivery driver schedules to prevent overtime costs

Enable geo-location clock-in for delivery drivers

Consolidate shipments to reduce delivery expenses

Centralize Inventory Storage

Consolidate storage costs with centralized warehousing

Use a Centralized Distribution Model to distribute from central locations to nearby dispensaries

Create Standardized SOPs Across All Locations

Compliance and regulatory procedures

Inventory management

Customer service standards

Sales and POS procedures

Security and loss prevention

Product storage and handling

Employee hiring, onboarding, and training

Health and sanitation protocols

3. ENHANCE COMPLIANCE + RISK MANAGEMENT

Hire Compliance Managers to Prevent Fines

- State-specific cannabis compliance managers

- Company-wide labor compliance manager

Develop Compliance SOPs

- Create SOPs tailored to each state's specific compliance requirements

- Review and update SOPs regularly based on regulatory updates

- Distribute SOPs to all dispensary managers and people leaders

Monitor Regulations

- Stay current with state-specific laws to avoid penalties

- Send state-wide employee emails when laws and regulations change

- Notify employees of active compliance changes when they clock in

- Update employee handbooks when labor laws change

Centralize Compliance Reporting

- Digitally store all compliance documentation and reporting

- Automatically track license renewals across all locations

- Automatically track work permits and budtender license renewals

Optimize Insurance Coverage

- Source discounts for multi-location coverage

- Consolidate insurance as applicable

Conduct Compliance Audits

- Conduct monthly internal audits

- Conduct annual third-party audits

4. LEVERAGE ECONOMIES OF SCALE

Negotiate Bulk Purchasing Agreements

Negotiate discounts on high-volume orders

Consolidate orders across locations

Negotiate Long-Term Supplier Contracts

Secure stable pricing

Include service-level agreements to ensure consistent supply

Explore Vendor Partnership Programs

Establish loyalty discounts

Negotiate exclusive deals

Collaborate in joint marketing efforts

Invest in Centralized Purchasing Software

Prevent unnecessary or duplicate orders

Manage vendors from one platform

Analyze purchasing data for cost insights

5. STREAMLINE STAFFING, TRAINING, + HR

Recruit Qualified Talent

Use an applicant tracking system (ATS) to screen, interview, and hire employees

Create standardized screening questions

Create standardized job descriptions

Integrate your ATS with your HR platform for easier onboarding

Standardize Comprehensive Training

Streamline the onboarding process with digital onboarding and form completion

Securely store all employee information and documentation in one centralized place

Create consistent training programs that cover compliance, state-specific laws, and company policies

Create a knowledge hub that covers product offerings, regular promotions, customer service expectations, and state-by-state compliance laws

Record and document training sessions for regulatory purposes

Include all state-mandated training courses as required

Use HR software to create state-specific employee handbooks

Implement Retention Programs to Reduce Recruitment Costs

Offer competitive compensation, benefits, and growth opportunities

Standardize employee benefits and pay scales

Celebrate anniversaries and milestones

Reward long-term employees with reward milestones

Develop company-wide career paths

6. MAXIMIZE BRAND ASSETS + CENTRALIZE MARKETING EFFORTS

Repurpose Marketing Materials

- Create a brand guide to use across all locations
- Purchase swag in bulk for high-volume discounts
- Adapt existing campaigns for each state to cut costs

Leverage Brand Recognition

- Use established brand identity to reduce new marketing efforts
- Encourage User Generated Content (UGC) through contests and giveaways

In-House Content Creation

- Create marketing content in-house to save on agency fees
- Hire one marketing team to create content across the company

Create a Marketing and Promotions Strategy

- Implement a loyalty program across all locations
- Plan promotions around high-traffic times, holidays, and product launches to attract both new and returning customers
- Create a standard list of promotions that can be applied across all locations
 - *Prioritize bundling deals to encourage larger purchases without heavily discounting core products*
- Create a promotions calendar to use across all locations
- Adjust promotional strategies by location to suit the local market's competitive landscape and customer preferences
- Create a single optimized website to use across all locations
- Create optimized Google Business Profiles for each location, leveraging local SEO best practices
- Implement a Content Management System with customer personalization capabilities to streamline marketing communications across all locations

7. ENCOURAGE CROSS-LOCATION KNOWLEDGE SHARING

Share Best Practices

Encourage locations to share effective strategies across the network

Schedule a monthly connect for all dispensary managers

Conduct monthly cross-location cost reviews

Plan an annual company-wide training day

Offer incentives for employee suggestions that lead to measurable savings

Cross-Train Employees

Train staff in multiple roles to reduce additional hiring

Schedule employees at multiple locations to maximize labor costs, *if applicable*

8. INCREASE EFFICIENCY THROUGH TECHNOLOGY + AUTOMATION

Centralize Operations With Software

Use integrated software solutions to manage POS, inventory, compliance, and reporting across locations

Invest in Energy-Efficient Equipment

Invest in LED lighting across all locations

Install smart thermostats to optimize heating and cooling

Conduct quarterly energy-use audits

Streamline HR With Automation

Automate payroll, scheduling, and labor compliance across all locations

Automate overtime and vacation pay

Integrate your time tracking with payroll to prevent overspending on labor

Set up overtime alerts to reduce overtime costs

Track real-time labor versus sales data to make cuts when the store is slow

Integrate your scheduling tool with your POS for predictive labor versus sales forecasting and optimized staffing

Provide employees with self-service portals for easy access to schedules, hours, and time-off requests

Leverage multi-location HR software to consolidate all labor reporting

Securely store all employee files for labor compliance



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