

White Paper

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Best Practices for Cannabis Workforce Management and Compliance

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Introduction

As the cannabis industry continues to expand, both medical and adult-use cannabis programs face complex regulatory challenges. Key issues include ensuring compliance, managing a growing workforce, and balancing equity, job creation, and the cost of doing business. For cannabis regulators and operators alike, workforce management is critical to maintaining compliance, reducing risk, and fostering the growth of a healthy, responsible industry.

This white paper explores the current challenges and gaps in cannabis workforce management and compliance while suggesting potential strategies to streamline these processes. The goal is to establish best practices that cannabis control divisions and licensed operators can adopt to ensure their workforce remains compliant, well-trained, and credentialed.

The Cannabis Workforce Management Problem

The cannabis industry is one of the fastest-growing sectors in the U.S., creating a large and dynamic workforce. However, this rapid growth brings significant challenges:

- **High Employee Turnover:** According to the National Cannabis Industry Association (NCIA) and Headset.io, the cannabis industry experiences one of the highest employee turnover rates, at 50-55%, with entry-level workers frequently moving between jobs or leaving the industry entirely. This constant churn can make it difficult for businesses to maintain a well-trained, compliant workforce.
- **Complex Compliance Requirements:** Each state has its own unique set of cannabis regulations, which must be followed meticulously. Ensuring all employees are properly trained, licensed, and credentialed according to state law is a significant operational challenge for regulators and businesses.
- **Equity and Workforce Diversity:** Many cannabis programs are also tasked with promoting equity, ensuring that individuals from underserved communities can access jobs, training, and business opportunities. However, measuring or supporting the impact of equity programs can be challenging without the right tools in place.
- **Auditing and Reporting:** Regulatory bodies must regularly audit licensed operators to ensure their workforce complies with state laws. Manual auditing processes can be cumbersome, slow, and prone to errors, especially when managing extensive workforce data.

These challenges underscore the need for a more organized, efficient system that can handle workforce management, compliance, and reporting while supporting equity and job growth goals.

Gaps in Current Workforce Management Practices

Despite efforts to regulate and streamline the cannabis regulatory processes to be similar to alcohol, significant gaps remain in workforce management, mainly workforce licensing or permitting programs. For many cannabis control divisions and licensed operators, credentialing the workforce seems to be last on the list. However, it seems the most crucial way to bridge communities to jobs and economic opportunities.

1. **Fragmented Systems:** Most businesses rely on multiple disconnected systems to manage employee records, compliance training, background checks, and ID badges. This fragmentation creates inefficiencies and makes maintaining accurate, up-to-date records difficult.
2. **Inconsistent Standards:** Workforce training and credentialing requirements vary between states and municipalities. Companies are mandated to offer training to their employees. Without a reporting mechanism between licensed operators and the state, data is skewed if it is collected at all. Standardized processes are the only way to ensure employees meet the necessary standards, especially in an industry with a high turnover risk. Also, the states with cannabis laws are covering liability with up-to-date annual refreshers for training.
3. **Manual Processes:** For regulators and businesses, much of the workforce management process still involves manual tasks—tracking training completions, issuing ID badges, and managing compliance reports. This manual workload adds significant administrative overhead and increases the risk of non-compliance due to human error.
4. **Limited Workforce Data Visibility:** Regulators and operators often need real-time visibility into their workforce's compliance status. This lack of transparency can lead to delays in resolving compliance issues, putting businesses and regulators at risk of fines, penalties, or other legal consequences.
5. **Equity Tracking and Accountability:** While many cannabis programs have incorporated equity initiatives, there is often no comprehensive system to track their progress or ensure that they deliver the intended impact. Without precise data, it's difficult for regulators to evaluate the success of these initiatives or for businesses to demonstrate their commitment to equity.

The Need for a Unified Approach

The cannabis industry requires a unified approach to workforce management and compliance. A streamlined, cloud-based SAAS solution that combines compliance education, workforce credentialing, and equity programming in one place would greatly benefit regulators and businesses.

Critical Components of an Effective Workforce Management Solution

1. **Centralized Compliance and Credentialing:**
 - A unified platform should allow regulators and businesses to track and manage employee credentials, training records, and ID badges in one place. This would ensure that employees always comply with state regulations and give businesses real-time visibility into their workforce's compliance status.
 - Centralizing credentialing provides a bridge to jobs for the workforce and takes the cost burden off of licensed operators. It puts the onus on the employees to self-credential and qualify for jobs, similar to other regulated industries that require regulated training and background checks, like alcohol servers, vape and smoke employees, pharmacy technicians, brewing extraction, horticulture, etc.
2. **Role-Based Access for Regulators, Operators, and Employees:**
 - To reduce administrative burden, role-based access allows regulators to audit workforce compliance seamlessly, businesses to manage their workforce efficiently, and employees to keep track of their credentials, training, and licensing requirements.
3. **Equity Programming Integration:**
 - An effective system should support equity initiatives by providing workforce development opportunities and tracking the progress of equity programs. By ensuring access to education and licensing for underserved communities, the industry can work toward creating a more inclusive workforce.
4. **Automation of Background Checks, Education, and Licensing:**
 - Automating background checks, ID badge issuance, and license renewals would reduce manual administrative work and ensure that employees' credentials remain current. This would also provide businesses with a streamlined process for onboarding new employees in an industry known for high turnover.
5. **Real-Time Auditing and Reporting:**
 - A cloud-based system would enable regulators to access real-time reports on workforce compliance, reducing the complexity of manual audits and ensuring that businesses remain compliant with state laws. This would help regulators identify and address compliance issues before they become critical.

Toward a Solution: Bridging the Gap

The cannabis industry is at a crossroads, and the need for efficient workforce management and compliance systems has become apparent. To meet this need, regulators and licensed operators must work together to adopt solutions that streamline compliance, reduce costs, improve transparency, and support workforce equity.

At present, many regulatory bodies and cannabis operators rely on fragmented, manual processes that increase the risk of non-compliance and administrative inefficiency. By moving toward a more comprehensive, technology-driven approach, the industry can close these gaps and better support workforce development and job creation while ensuring that all employees meet the necessary training, credentialing, and licensing standards.

Next Steps

This white paper has highlighted the pressing challenges and gaps in cannabis workforce management and compliance. By addressing these issues, cannabis control divisions and licensed operators can work together to build a more efficient, equitable, and compliant workforce management system.

As the next step, we recommend exploring potential solutions tailored to your state or market's specific needs. Regulators are urged to request proposals from private SAAS (software as a service), LMS, and educational providers that outline how a unified, cloud-based system could meet unique workforce management and compliance requirements.

Conclusion

Cannabis control divisions and licensed operators are grappling with the complex demands of workforce management and compliance. High turnover, varying state regulations, equity initiatives, and the need for accurate reporting all add complexity to an already challenging environment.

To ensure that the industry continues to grow responsibly, a more streamlined, efficient approach to workforce management is required—one that integrates compliance education, credentialing, and equity programming into a single system. By adopting best practices and embracing technological solutions, cannabis regulators and operators can reduce administrative burdens, ensure compliance, and support the continued growth of the cannabis workforce.

Contact Us for More Information

To learn more about how an integrated workforce management system can address these challenges or to begin exploring a tailored proposal for your cannabis control division, please contact Shanon Jaramillo at SeedCrest, Inc at shanon@seedcrest.io.



Learning Management.

Keep records, enroll employees, print certificates.

A screenshot of the SEEDCREST Manager Dashboard interface. The dashboard is titled 'Manager Dashboard' and features a search bar at the top with the text 'Complete your SeedCrest Business Profile'. Below the search bar, there are several blue action buttons: 'Five Star Candidates' (with a star icon), 'Tracking Report' (with a document icon), 'Send Email/Request Recruitment' (with an envelope icon), 'Add Student' (with a person icon), 'Purchase Wholesale HIPAA Courses' (with a document icon and '7 HIPAA Licenses(s) Remaining'), and 'Enroll a Student (HIPAA / CET)' (with a document icon and '7 HIPAA Licenses(s) Remaining'). The dashboard is set against a dark blue background with a white sidebar on the left.