



HOW TO WRITE AN OPERATIONAL PLAN FOR YOUR CANNABIS COMPANY



BARBADOS MEDICINAL
CANNABIS LICENSING
AUTHORITY

Let's grow together

AN OPERATIONAL PLAN IS ABSOLUTELY ESSENTIAL.

Whether you are starting up a company for the first time, an operational plan is no easy undertaking. It requires a considerable amount of time spent researching your industry, scouting the competition, identifying your market, setting realistic milestones, establishing key value proposition(s), structuring company management, forming financial projections and the list could go on forever.

Not only does an operational plan improve your company's internal operations by setting tangible goals for your team, but it also validates your company for investors, real estate companies, and the other business relationships key to your company's success.

AN OPERATIONAL PLAN IS A LIVING DOCUMENT.

You should revisit it on a regular basis as your cannabis company grows. Set time aside to sit down and revise the plan, comparing forecasts to actuals and revising as necessary. It is also a good idea to write a formal operational plan to prove your professionalism. You can overcome stigma and stereotypes by demonstrating that you have a clear, viable idea for selling a product that consumers will want.

(1) Executive Summary

The Executive Summary section should provide an overview of the details of the operation and it needs to be concise. Including details and diagram of proposed company name, logo, brand name and trademark as applicable. Additionally, a short biography of each Director/Partner/Owner/Co-operative Member should be included to highlight the key persons of the organisation.

Stating what you offer, the problem your business solves, why is it needed and how you will sell your product or service are also key elements (i.e., this is your **value proposition**). Included should be your identified target market and be specific about who is your intended and/or ideal buyers. Identifying potential competitors that offer similar services and what will make your company stand out in the market should also be mentioned. A financial overview of your proposed business model consisting of startup costs, revenues, liabilities, profit margins and funding needs should be mentioned.

Investors will read this section closely to make sure your company will be a good investment for them. Make sure to include information for investors, who do not know much about the cannabis industry. **Ganjapreneur** recommends including polls about the increased demand for cannabis legalization. It should provide an overview of your company operations, what you do, and what you want from the readers of your executive summary. Once finished, it could stand alone as a summary of your full-length business plan.

(4) Conclusion

Be sure to check out the free business startup checklist download as well as the business planning software, LivePlan. We are committed to helping you launch your new cannabis business, so feel free to either reach out to our concierge's desk at clo@bmcla.bb if you have any questions or concerns, or view our website at www.bmcla.bb to access our informative guideline documents.

(2) Operational Details

Your Operational Details should include:

- Strategic Objective
- Products & Services
- Strategic Business Plan
- Financial Plan
- Corporate Social Responsibility / Community Engagement
- Alternative Use of Cannabis Waste Material

See details on pages 5-8

YOUR OPERATIONAL PLAN MUST INCLUDE:

(5) Appendix

The appendix provides a space for any charts, graphs, images, or other items that did not fit in other parts of the business plan. You can include expanded tables and other financials. *See page 10*

(3) Categories of Licenses

Within the Barbadian context, the enactment of the Medicinal Cannabis Industry Act, 2019 allows eight (8) categories of licenses. As such, in addition to the general information required, the business plans submitted should reflect elements key of the area chosen.

Cultivation Operational Plan

A cultivator operational plan should include details specific planned pest, energy, and water resources management methods. It should also include planned cultivation, drying, and packaging methods to be utilized.

Processor Operational Plan

A processor operational plan should include details such as planned finished products, including (ingredients and purpose), types of processing methods, the expected sources of raw materials (cannabis and non-cannabis related), and possible markets for finished products.

Retail Distribution Operational Plan

A retail distributor operational plan should include details such as planned products, services, or specialized treatments to be offered, as well as the number of pharmacists, doctors, or nurses to be employed, the expected sources of products, and the expected pharmacy registration details if already in hand.

Laboratory Operational Plan

A laboratory operational plan should include details such as planned analytical services to be offered, with a detailed plan for achieving ISO certification. In addition, the identification and the curriculum vitae for lead scientists should be given if known.

Research and Development (R&D) Operational Plan

An R&D operational plan should include details such as planned areas of research and product development, plans (if any) for human testing, an indication of the intended purpose of the license, and identification of any associations with another research institution. The identification and the curriculum vitae for lead investigators should be given if known. A detailed description of the proposed project including a statement of purpose, and study duration would strengthen the plan. A list of sources for the supply of medicinal cannabis and detailed information about the strains of interest, including cannabinoid profile would be crucial.

Import Operational Plan

An import operational plan should include details such as planned types of imports and planned sources of material (including specific jurisdictions and any possible arrangements already negotiated). The methodology to be adopted for the storage and distribution of imported materials should be noted (if not intended, please state).

Export Operational Plan

An export operational plan should include details such as planned products (plants, tissue culture, seed, raw cannabis, cannabis products, etc.) for export and their intended usage. The potential sales markets for your products (including specific jurisdictions and any possible arrangements already negotiated) should be outlined. Include methods of planned storage for products to be exported, but if storage is not intended this should be stated. All planned methods of exportation should be mentioned.

Transport Operational Plan

A transport operational plan should include details such as planned number and type of vehicles, planned arrangements for each vehicle (owned or leased), planned overnight storage of vehicles as well as planned transport conditions (accompanied or unaccompanied).

OPERATIONAL DETAILS

STRATEGIC OBJECTIVE

Your strategic objective should be your overall aim for the licensed business. It should also include statements about what do you intend to achieve in the long term: five (5) to ten (10) years.

With the rise of new cannabis companies, it is important to differentiate your cannabis company from the competition, whether you are opening a farm, extraction operation, or dispensary. Do not rely on hype to open a successful cannabis company. You need to sell a unique/quality product or service. Set yourself apart by offering products and services that meet an unfilled need in the market. Products have become more and more diverse, and you can offer a range of flower, vaporizers, concentrates, topicals, tinctures, and more.

PRODUCTS AND SERVICES

Potential applicants should mention what products and services their business will be producing, selling, providing, or delivering. You should be specific in describing your product/and/or service. For example, will you be providing transport services using six vehicles or will you be importing various cannabis seeds to supply the local market?

Common small business types in the cannabis industry will include:

- Cannabis Cultivators: The farmers or growing operations who grow the plants and sell them to companies
- Cannabis Processors: The middlemen who take the plants from the producers and prepare them to become medicinal products, such as extraction operations
- Cannabis Retailers: The therapeutic facilities where persons can consume the products prescribed by a pharmacist.

Ancillary businesses (service providers) will also offer a wide array of value chain opportunities. These include marketing, administration, security, and more. These businesses can sometimes be more lucrative as they do not deal directly with cannabis and therefore subjected to fewer regulations. A number of cannabis tech companies have also begun to take advantage of the opportunity in the marketplace. The purpose of this section is to clearly state the area(s) of the local medicinal cannabis industry in which you intend to develop your specific business model to capture investor interest.

OPERATIONAL DETAILS

STRATEGIC BUSINESS PLAN

In at least three paragraphs, applicants should develop and describe how their business will operate over a three (3) to five (5) year period as well as ideas about how they will sell their product and/or service,. Applicants should also note their intended target market, and mention their expected profit margin.

Your **total available market (TAM)**, segmented available market (SAM), and share of the market (SOM) should be clearly considered. Here, you are looking at the difference between targeting everyone (all the people who are 18 or older in your area), versus your ideal clients (people who are willing to pay your prices for your specific cannabis products), versus the number of customers you think you can realistically reach within your first few years of business.

There should be mention on what will make the company stand out in the market. Applicants should also look at what partnerships they intend to form and think about what their **Plan B** would be if their preferred business model is not successful. These are important considerations to include. Details of the proposed organisational management structure including the number of planned employees (local or otherwise) should be declared.

Think strategically, perhaps look at getting a foothold in cannabis massages in a therapeutic facility. **The idea here is that not everyone will be an ideal customer. Some sources recommend using social media and demographic information to learn who your ideal customer is.** Once you identify your ideal customer, you can tailor your marketing and sales pitch accordingly.

OPERATIONAL DETAILS

Opening a cannabis company can incur additional expenses, such as the cost of hiring an attorney who can help you navigate complex laws and regulations. Familiarize yourself with license information as much as possible, but also seek professional legal counsel.

Banks typically will not fund a cannabis startup. Instead, seek private investors to give your cannabis company the money it needs for startup costs. There is a multitude of websites designed to help connect cannabis entrepreneurs with investors. Also, consider personal and private loans. If you are a grower, see if certain grants or other means of funding work for you.

You also typically cannot use banks to deposit the profits from your cannabis company. However, prepare to come up with strategies for tracking and storing large amounts of cash for your cannabis business. **Consider investing in a safe and security measures such as cameras if you go that route.**

FINANCIAL PLAN

This section should provide details of your financial plan over a three (3) to five (5) year period. Outlining how much money it will take to get your business operational, describe:

- what will be your major expenses,
- what is your expected income over the period, and
- what aspect of the business will this be derived from to give context to your business aspirations.

Your financial plan will help you track your finances so you can accurately gauge the business's performance.

Consider including these key elements:

- Profit and Loss Statement:
 - This would explain how your business made a profit or incurred a loss in a given amount of time (typically three months) by listing all revenue and expenses, then documenting the total amount of net profit or loss
- Cash Flow Statement:
 - how much cash the business will bring in,
 - how much of it will be paid out, and
 - the amount of its ending cash balance (on a monthly basis)
- Balance Sheet:
 - Snapshots of how your company is performing at a given moment by including how much money you have in the bank, how much your customers owe you, and how much you owe your vendors.
- Sales Forecast:
 - Projections of what you think you will sell in a given timeframe (3 to 5 years)
- Business Ratios:
 - Comparisons of your company's financials with numbers from the industry profile
- Personnel Plan:
 - Costs of employees
- Use of Funds: (Needed if you're seeking investment or a loan)
 - This section explains how you will use investors' money, whether for marketing or purchasing inventory
- Exit Strategy: (Needed if you're seeking investment.)
 - This section includes a brief description for how you will eventually sell your company. You could sell it to another company or to the public. List a few companies you might eventually sell to. This is important to investors because it tells them how they will make money from their investment when you leave.

OPERATIONAL DETAILS

CORPORATE SOCIAL RESPONSIBILITY/ COMMUNITY ENGAGEMENT

Operating a successful business can sometimes be gauged by the level of involvement within the local industry. Thus, stating how you plan to give back to the public is crucial. How you engage the public and support activities at a national or community level should be considered.

Being seen as an organisation that will invest in local initiatives such as social services and cultural event sponsorship through community clean-up projects and/or donations to charitable associations can raise your profile as a business leader.

ALTERNATIVE USE OF CANNABIS WASTE MATERIAL

Any applicant seeking to use cannabis refuse/waste for a productive commercial or noncommercial use may make a proposal to the BMCLA under this heading. A review of the published general guideline document may be useful here, since a number of disposal techniques are already listed for consideration.

FIND YOUR COMPETITIVE POSITION WITH A SWOT ANALYSIS

A SWOT analysis maps out your company's path towards your goals by identifying strengths and weaknesses (internal attributes) and opportunities and threats (external conditions). Uncover your company's competitive position with these guiding questions.

STRENGTHS

What advantages does your company have? What do you do better than anyone else? What are your unique selling points?

WEAKNESSES

What areas can you improve on? What does your company lack? What things do your competitors do better than you?

OPPORTUNITIES

What changes in technology, policies, and social patterns can be a growth opportunity for the company?

THREATS

What are the obstacles to your company's growth? Who are your competitors? What changing factors can threaten your company's position?

EXAMPLE OF AN APPENDIX

The business will be fully funded with \$80,000.00 BDS. This will include the total capital cost of over \$45,000.00 BDS, leaving nearly \$35,000.00 BDS as working capital.

Table 1. Start-Up Expenses

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Capital Expenditure (CAPEX)				
Land & Development				
Space improvements including office space, bathrooms, etc.				
Security system including multiple cameras feeds and lighting				
Furniture, Refrigerators, Registration Computer, Commercial Label Printer, Storage Hardware, and Shelving				
Cost for Computer Software (Payroll Software, Microsoft Office, QuickBooks)				
Operational Expenditure (OPEX)				
Direct Costs				
Initial & General Costs				
Operating Expenses, including salaries				
Marketing & Sales Expenses				
Misc.				
Total				

CONCLUSION

Now that you have read a little more about the ins and outs of the cannabis industry during this time of dizzying growth, we hope that you feel better prepared to create your operational plan.

We are committed to helping you launch your new cannabis business, so feel free to either reach out to our concierge desk at clo@bmcla.bb if you have more questions or concerns. We also welcome you to visit us at www.bmcla.bb to access our informative industry guides.

The Barbados Medicinal Cannabis Licensing Authority

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FOR MORE INFORMATION VISIT WWW.BMCLA.BB

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Find us on     [thebmcla](https://www.thebmcla.bb)



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