

CHECKLIST

# Cannabis Industry: Building the Right Reports for Your Company

The cannabis industry is broad – cultivators align with agriculture companies, while dispensaries follow a retail business model – and many organizations operate in both spaces and others in between. This adds significant complexity to reporting processes and requirements.

From labor and inventory tracking to cash flow management, our strategic checklist helps you start designing a cannabis reporting strategy that can satisfy investors, improve compliance with changing regulations and help you plan for sustainable growth

## Keys to a Capable Financial Reporting Strategy and Program

### Get organization-wide stakeholder buy-in on the importance of an effective reporting environment



- Your staff will likely be the ones doing the legwork of the reporting, and they should understand the impact of what the changes will mean for them.
- Up-front involvement from leadership showing the need for change will help your team adapt and adopt the new processes.

### Assign a person or team to develop your reporting processes



- The selected individual or team should include employees who interact with your operational and financial data regularly.
- Leadership should meet with the individual or team on a regular cadence to review, adjust and plan.

## Consolidate your operational and accounting data and validate accuracy



- If you keep your data in various spreadsheets or disparate systems, you should have a system or process that brings it all into one spot for effective analysis.

## Create a data governance strategy



- Having your data centralized isn't the be-all and end-all to data capturing. You should also form a team and processes to maintain ongoing accuracy of that data

## Identify what data you need to produce those reports.



- Cannabis businesses vary greatly in type, but reports should capture every industry vertical.
- Every vertical should have accurate numbers on expenses, cash flow and revenue.
- Cultivators, manufacturers, distributors and dispensaries should have accurate inventory data.
- Cultivators should track seasonality and yield and pay close attention to the margins on that yield.
- Dispensaries should keep their eyes on customer-, traffic- and vendor-related details.
- Labor is essential for every level of your cannabis company because of the required number of licensed and certified specialists. Do you have the data and logistics to understand those needs?
- Reordered bullets to start with most widespread ones first.

## Identify key goals for your company today, transitional requirements and plans for future growth.



- Document all your company requirements and the reports that will best address your current and future needs. You want to build a program for the organization you are today and for the organization you want to be in 5-10 years.
- Your reports should have a purpose behind them and tangible outcomes you can use as a gauge to determine success.
- Understand the key performance indicators (KPIs) required for leadership across the organization.
- Establish a needs pecking order. Address what will yield the highest return for your company first, what you'll tackle in the future and what should be on hold for later discussions.

## If you need a third-party vendor, locate providers that have cannabis industry experience



- Identify the best internal stakeholder(s) to evaluate each vendor.
- Make sure their offering meets your current and future plans.

## Identify the specific integrations needed



- Outline your reports, their related processes and how they cover your core needs.
- Identify an implementation timeline, prioritized first with regulatory requirements and ending with growth enablers. While growth is essential to the long-term health of your organization, failing to meet regulatory demands can prevent you from reaching your next stage or following through on your exit plan.
- Note the partners you've identified for service and support and ensure they have the industry expertise to help address your specific needs.
- Determine which internal teams/departments will be involved.
- Understand how the various teams who will own the data are interrelated.
- Set goals for implementations and go-lives.
- Recognize sources for user adoption support for ongoing management.

Learn more about building the right reports for your cannabis organization by contacting Armanino's cannabis industry [experts@armaninoLLP.com](mailto:experts@armaninoLLP.com).

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