

CANNABIS AND HEMP association



Women's Business Incubator: Part 1

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Why focus on Women?

According to the US Department of Labor:

In all of the below occupations *men earn more than women*, despite these also being the top ten leading occupations for women by number of women employed:

1. Elementary and middle school teachers***
2. Secretaries and Administrative Assistants***
3. Registered Nurses***
4. Nursing, psychiatric, and home health aide***
5. Customer service representatives
6. First-Line Supervisors of retail sales workers
7. Accountants and Auditors
8. Cashiers
9. Managers, all other
10. Receptionists and information clerks***

****Traditional occupations with 75% or more women hold positions**

All of these positions are needed in the cannabis industry, some of them absolutely critical. The cannabis industry is particularly suited for women to make a smooth transition into the industry and help shape the industry, rather than just being a participant.

OUR PRESUPPOSITION:

The CHA believes, if women are being out earned by men in women dominant careers, than that trend is likely to continue in the cannabis industry. If women do not create and shape this industry, then this cycle is likely not to break. The CHA wants to inspire more than just the most tightly regulated cannabis industry in the nation in New York, but also the most diverse by a WIDE MARGIN. The CHA aims to be the catalyst in incubating women owned cannabis businesses worldwide through programs such as this, that create jobs and companies, that form and operate in New York State that are cannabis industry friendly and compliant. We also believe women businesses are more likely to receive state and federal loans and grants if the company's they represent are positioned properly.

OUR PURPOSE to leverage the most diverse city in the world, into the cannabis industry locally, nationally, and worldwide to make a difference the way only New Yorkers can.

OUR THEORY cannabis will be legal in all 50 states and worldwide in due time. All nations need tax money as we have entered an age of digital infrastructure. We are in an industrial revolution digitally and this business is a major cash grab for governments. When a new industry opens tax dollars manifest through profits, new jobs lead to taxable income, producing wealthy citizens leads to escalated tax revenues. Many of those who will benefit in this industry over the next 30 years are the youth, currently saddled by student loan debt and lack of job growth spurned from the recession of 2008, which continues to impact many Americans. The CHA is long and short-term bullish on the cannabis industry. We believe a diversity-lead industry will be key to the success of the industry.

Facets of the Cannabis Industry by CHA

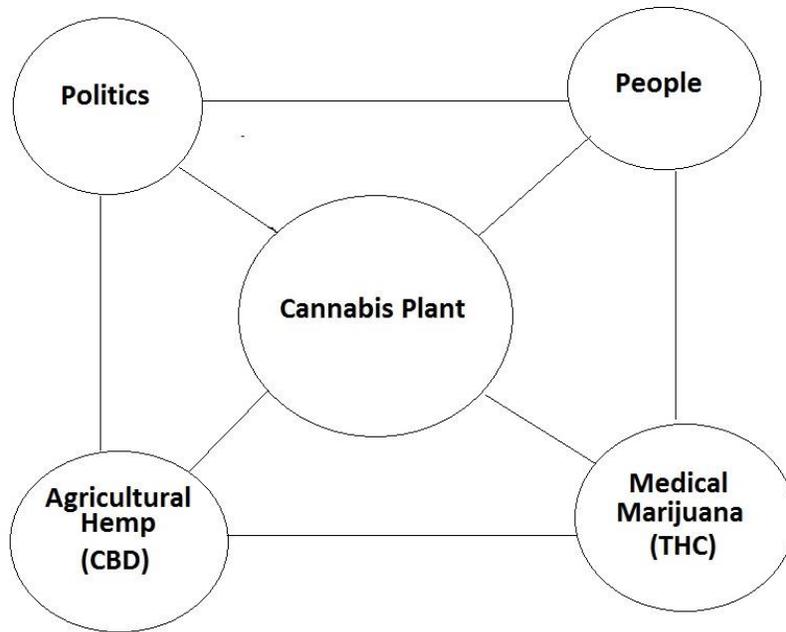


Figure 1.a Facets of the Cannabis Industry by CHA

OVERVIEW OF THE INDUSTRY

- U.S. retail cannabis sales will rise more than five-fold over the next five years, from an estimated \$2.2-\$2.6 billion in 2014 to \$7.4-8.2 billion in 2018, according to new financial data in the 2014 edition of the \$199 *Marijuana Business Factbook* published by MMJBusinessdaily.com. customerservice@mjbizmedia.com for a free sample of this data.
- Although the 2014 estimated sales are right in line with predictions from last year's edition of the Factbook, the 2018 forecast has risen by roughly \$2 billion
- This lift is largely due to the impact of last August's Cole Memorandum wherein the federal Department of Justice stated it would take a hands-off approach to the cannabis industry as long as companies obey local laws and state regulations and oversight are strict.
- Black market estimates a reported \$40 billion per year in revenue.

The MMJ Industry: How Much Pie Can You Eat? Source: Cannabis and Hemp Association

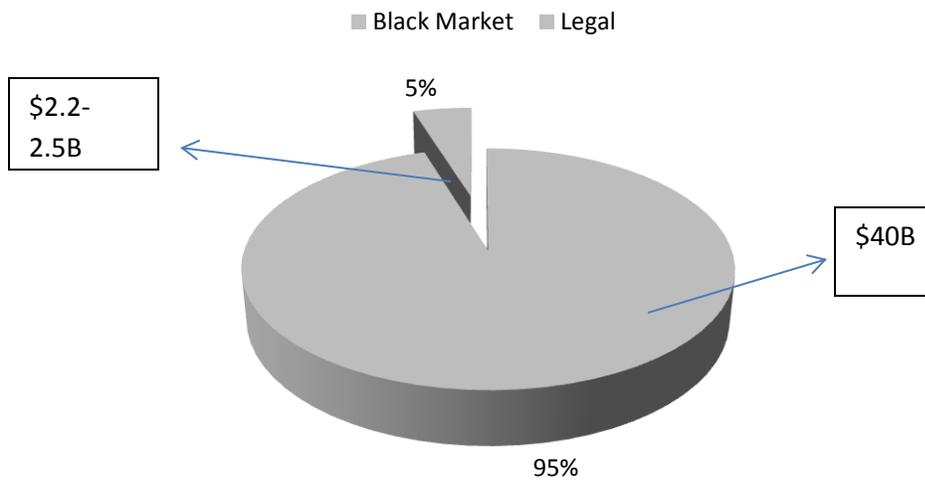
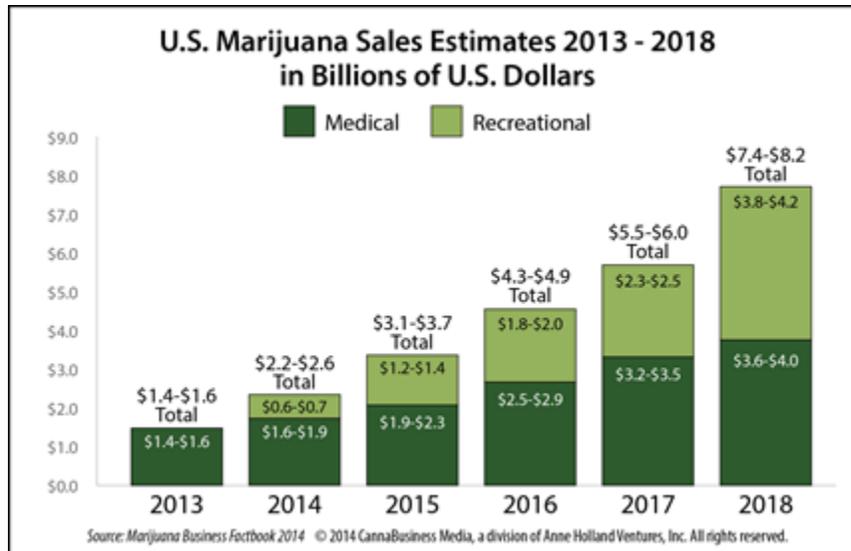


Figure 1. Retail Dispensary revenues vs black market. Doesn't include wholesale or any ancillary business revenues or hemp revenues.

“This total is conservative – the reality of retail sales could be larger,” Walsh continued. “Nor does it include wholesale cannabis sales, or the billions of dollars in ancillary cannabis business revenues such as growing equipment, real estate, legal fees, testing labs, paraphernalia, etc.”

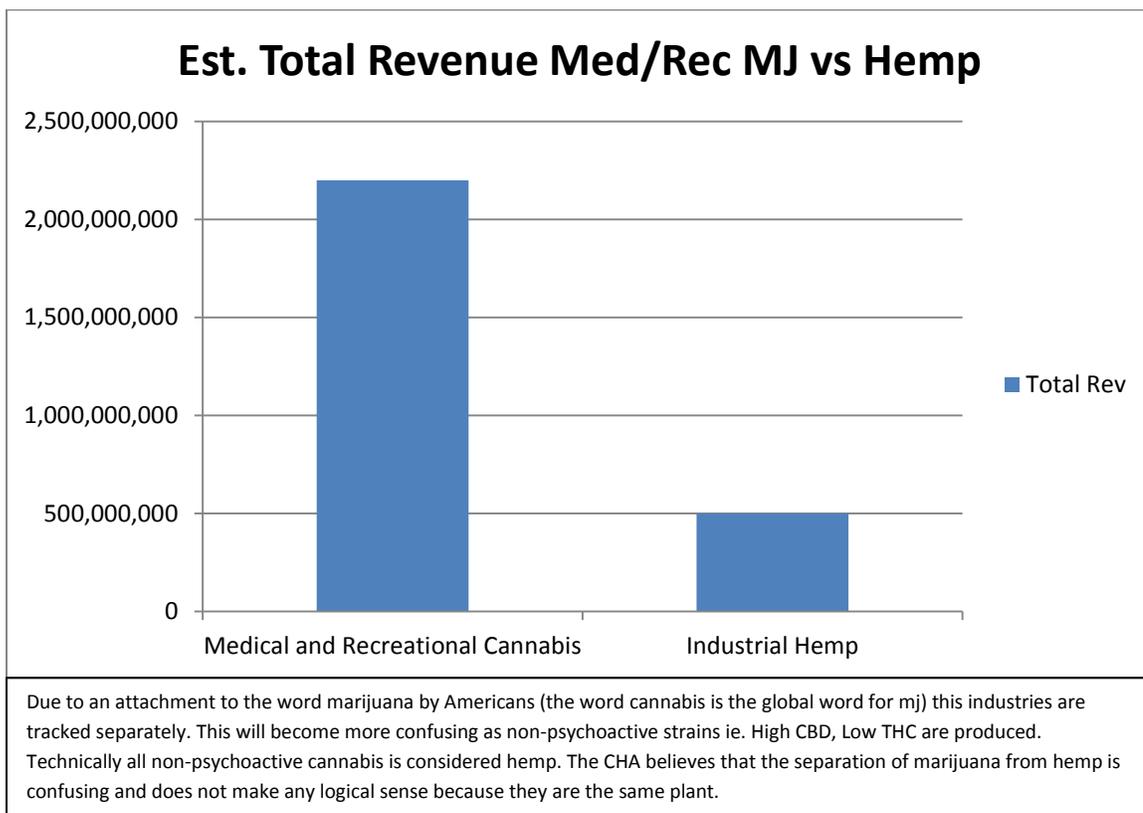


By comparison according to [statista.com](http://www.statista.com/statistics/279808/annual-growth-of-the-pharmaceutical-global-market-by-region/) pharmaceutical annual growth will be 1.3% in North America between 2010-2015 (<http://www.statista.com/statistics/279808/annual-growth-of-the-pharmaceutical-global-market-by-region/>)

WHAT ABOUT HEMP!?

There is no official estimate of the value of U.S. sales of hemp-based products. The Hemp Industries Association (HIA) estimates that the total U.S. retail value of hemp products in 2012 was nearly \$500 million, which includes food and body products, clothing, auto parts, building materials and other products. Of this, HIA reports that the value of hemp-based food, supplements, and body care sales in the United States is about \$156 million to \$171 million annually. Previous reports about the size of the U.S. market for hemp clothing and textiles is estimated at about \$100 million annually.

Hemp's upside as an industry is believed to have as much or more potential as most experts agree that 10,000-25,000 products can be derived by hemp however projections are unavailable due a lack of black market to reference and restrictive hemp cultivation federal policies.



In 1938, Popular Mechanics called hemp a billion dollar crop, today adjusted for inflation hemp industry would have been a \$16.8B dollar crop back then, imagine what it would be worth today 76 years later.

- The Hemp Industrial Association (HIA) has “no position on marijuana legalization”
- Sen. Mitch McConnell, a Kentucky Republican who opposes legalization of marijuana, touted his support for hemp in his successful re-election campaign. With the Republican takeover of the U.S. Senate, he's in line to become majority leader.

WHAT'S THIS "GREEN RUSH" PHILOSOPHY

Essentially the "Green Rush" is a term coined for the ramp up period and roll out of a completely new industry for America. To illustrate this we will use a concept known as the "Law of Diffusion of Innovation" which is a bell curve that all emerging industries go through.

"Law of Diffusion of Innovation" represents a growth rate percentage based on a given projection. In our scenario, the \$2.2B 2014 revenue represents only 5% of the \$40B black market total indicating that on the curve below the industry has moved beyond the innovators (California market) into the early adopter phase. The LDI rule, claims that once 2.5% of a given input is reached, critical mass happens and as you can see the bell curve takes a sharp climb.



At only 5% of total revenue being legal, we are still in the early adopter phase of the green rush. On the hemp side of the industry the industry grew 24% last year to \$581 million. While no market cap could be found on hemp, the CHA believes we are firmly in the innovator stage of the curve.

“During the gold rush its a good time to be in the pick and shovel business” – Mark Twain

Cannabis Brainstorm Activity

It is said, that film producer and innovator, Walt Disney used to think-up and refine ideas by breaking the process into three distinct chunks. The dreamer, the realist, and the spoiler (or critic).

The Dreamer - This stage was for fantasizing. Creating the most fantastic and absurd ideas as possible. No filter. Just wonderful, raw ideas. This stage was about “why not?”

The Realist-As the Realist, the Dreamer ideas would be re-examined, and re-worked into something more practical. It wasn't about the reasons it could not be achieved, but only about it could be done. This stage is about “how?”

The Spoiler-The third stage he would become the critic... shooting holes in the ideas he had come up with.

It is said, the ideas that survived this process were the ones Walt would work on.

Cannabis Brainstorm Activity (con't)

When we brainstorm alone and in groups – too often – we tend to fill the room with a dreamer or two, a few realists, and a bunch of spoilers. In these conditions dream ideas don't stand a chance.

Break the room into groups Dreamer/Realist/Spoiler.

Dreamers take 10 mins to come up with at least 4 business ideas. Put them on paper. Explain what the business will do, who it will impact, why it will work, and keep it short and sweet!

Realists take 20 mins to critique them.

And your seminar leader, will play Walt and be the Spoiler.

By the end of the session we will have identified several possibilities for cannabis businesses.

CHALLENGE for DREAMERS: Come up with at least four businesses, one business for medical marijuana, one for agricultural hemp, one that serves the politics, and that serves the people (community). **HINT:** Not all of them need FOR-PROFIT businesses.

CHALLENGE for REALISTS: Give (3) reasons for why the dreamers ideas won't work and (3) reasons why it would work.

SEMINAR LEADER WILL SELECT THE BEST IDEA!

REASON FOR THE ACTIVITY:

- Small businesses are often collaborations of several partners that combine a myriad resources and different ideas but often newly minted entrepreneurs feel compelled to start alone. The cannabis industry is one in which many people are rushing in. The opportunity to find great partners with useful skills and credentials is tremendous.
Think about it: All businesses need an accountant, an attorney, and capital. When you are in an industry with this level of growth it is far easier to find partners than a mature business.
- This activity can be done with your core group of friends, colleagues, potential investors or business partners to hash out a direction in the field.
- To get you prepared for tomorrow's cannabis business incubator event.

Cannabis Business Incubator (CBI)

Tomorrow morning we will be meeting at 9am to help consult with any unpolished or polished cannabis business models that you are developing. Take advantage of the knowledge and experience of the CHA in the industry, bring your team, and let's see what kind of results we can make! For those who are already established, we will be all working together sharing whatever resources we can to help your enterprise.

Next month Women's Business Incubator WBI part 2

- How to get state and federal business consulting at no cost.
- One method of applying for state and/or federal funds to start your cannabis business.