

eBook



THE RETENTION DILEMMA:

Mitigating High Turnover Rates in The Cannabis Industry

Why the dilemma exists

The cannabis industry, while still fresh in its evolution has come with its fair share of workforce management challenges which pose concerns and challenges for owners and managers alike. The cannabis industry is heavily regulated, specialized, and complex spanning from farming to retail operations. Sourcing, recruiting, and retaining workers with vastly different skill sets requires a skilled HR team to be successful.

The cannabis industry's growth profile can be a career making opportunity for an HR Leader but it is also risky as blazing new trails in a new and growing industry can lead to unforeseen challenges and burnout, or worse resulting in career failure. HR professionals considering joining the cannabis industry should understand that sorting the demands of hiring and retaining talent to support growth would likely pose to be their most difficult job challenge.



Turnover costs far exceed the capital costs and can impact brand

Tech alone isn't enough;
people matter more

Success depends on having
skilled individuals who
can leverage technology
effectively for meaningful
transformation.



1. Growth

Cannabis Job Growth Trends



2. Causes

So what's causing the turnover?



5. Solution 2

Technology to Help Keep Up



6. Solution 3

Great Pay and Career
Growth



3. Costs

The Painful Cost of Turnover



4. Solution 1

Training and Vetting



8. Paving the Way

Paving the Way for a Great Future in Cannabis

CANNABIS:



The cannabis industry is growing very rapidly and is surpassing a number of US industries. In fact, there is a projected 250% growth in the legal cannabis job market between 2018 and 2028, a promising statistic for many cannabis organizations.

With a plethora of open jobs in the thirty-seven states involved in legal cannabis production and sale, it is a challenge to recruit to fill all the open positions.

Beyond that, HR professionals are still tasked with successfully onboarding, socializing, and training a steady stream of new hires.

Unfortunately, with the current reality of high job turnover rates in the cannabis industry, HR professionals are having to refill the same positions all over again in a just few short months.

It is a lot of responsibility to fill the open jobs in the first place and when you add replacement hires, it can feel like a revolving door in the HR department. This can be frustrating and make companies feel as though they are not making forward progress.

JOB
GROWTH
+
HIGH
TURNOVER

\$7,000

Average replacement cost

+250%

Growth (2018–2028)

50%

Budtender turnover rate

What's causing the turnover?

It has been difficult for researchers to pinpoint exactly why the turnover rate is quite so high for the cannabis industry. To gain a better understanding, let's examine the high turnover rates for the budtender job title individually. According to a recent study done across Washington and Colorado, the budtender turnover rate is over 50% at dispensaries across these states. Is it possible that newly opening cannabis retailers are poaching budtenders? Are competitors offering incentives to change jobs to help establish a new retail location? Or is the high turnover of budtenders due to a lack of commitment and unrealistic expectations of working in the cannabis industry?

A budtender is a real job and it is probably not as cool and laid back as some job seekers may be anticipating. There are tasks and responsibilities for budtenders that extend far beyond serving the bud and perhaps a good portion of new hires just simply do not know what they are getting themselves into.

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According to a recent study, budtender turnover rate is over 50%
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THE PAINFUL COST OF TURNOVER

Monetary Costs

The Center for American Progress puts the cost of replacing an employee at 21% of that employee's annual salary. With budtenders making an average of \$32,000, that's upwards of \$7,000 per replacement!

- 21% of salary replacement cost
- Budtenders average \$32,000
- Up to \$7,000 per replacement

Cultural and organizational costs

Far beyond monetary costs comes the impact on future hires. Employers have to contend with the reputational risk of high turnover and the general detriment of future candidates that follows.

The final and possibly the most costly impact of high turnover is the effect on customer service and business hours.

Being consistently short-staffed will most certainly impact staff morale and lower sales and profits.

Realistically, no growing business can sustain itself for very long with high turnover rates.



Solving the retention dilemma, together

peopleguru™



Training and vetting

Training courses help acclimate employees to their cannabis-specific duties, effectively diminishing the frustration of being overwhelmed by the responsibilities associated with starting a new job.



Technology to help keep up

Managing the employee lifecycle beyond hiring and onboarding is necessary to retain your best employees.



Great pay and career growth

Consider the cost of high turnover and the benefit of paying slightly higher than typical industry averages as a means of reducing your rate of turnover.

These three solutions set you up for success and foster an environment primed for success

Solving the turnover dilemma

A pattern in cannabis is emerging where the second or third cannabis job becomes the one they stick with.

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2

3

1 Training and vetting



Many new hires in the cannabis industry come in with little to no prior experience working with cannabis.

Luckily, companies like Green Flower are developing training materials in specific regions, that may mitigate the high turnover rates by improving employee job preparedness. These training courses help acclimate employees to their cannabis-specific duties, effectively diminishing the frustration of being overwhelmed by the responsibilities associated with starting a new job.

And while training is essential for any new hire, it is wise for companies to vet interviewees with preemployment assessment tools to rate candidates in terms of aptitudes toward job responsibilities, reliability, and customer service.

Prior experience within the cannabis industry is one indicator of long-term success in a new position. A pattern in cannabis is emerging where the second or third cannabis job becomes the one they stick with. Organizations would be remiss not to allocate more resources toward the training and vetting of new hires as a means to improve their retention rates.

Solving the turnover dilemma

Cannabis organizations need to invest in agile HCM technology that can automate HR processes and free up their HR people to focus on the strategic needs.

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Technology to help keep up



Hiring the right people is a great start but it is not enough on its own; managing the employee lifecycle beyond hiring and onboarding is necessary to retain your best employees.

Due to the difficult regulatory climate of the cannabis business, cannabis companies have fewer choices for payroll, HR, or even health insurance products.

Luckily, companies like PeopleGuru™ are able to navigate the difficult regulations for cannabis business and provide full support for Time and Scheduling, Payroll, and HCM supporting the entire employee lifecycle, at every stage of growth and development.

Automation of recruiting, onboarding, and the training of employees will dramatically reduce manual effort and drive a more consistent hiring process improving overall retention rates. Cannabis organizations need to invest in agile HCM technology that can automate HR processes and free up their HR people to focus on the strategic needs of their workforce.

Solving the turnover dilemma

Set expectations for job performance objectives with a growth-minded career path and keep employees engaged and excited to come to work.

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Great Pay and Career Growth



It should be understood that you must pay competitively to retain a workforce long term.

Analyzing your company's rates of pay to market rates of pay is an important exercise to do regularly. You should be prepared to adjust rates of pay if your wage analysis proves that you are underpaying for certain jobs.

Also, consider the cost of high turnover and the benefit of paying slightly higher than typical industry averages as a means of reducing your rate of turnover. The cannabis industry is very competitive so you must stand out to retain your employees. Additionally, great employees that do great work expect to be rewarded with opportunities to grow at your organization.

Did you know that businesses offering professional development enjoy 34% higher retention rates than their counterparts? HR professionals can put policies in place to promote career planning and professional development and greatly improve retention rates in doing so. HR professionals should address career trajectories with employees early on--even as early as the very first interview.

Paving the way for a great future in cannabis





FROM UNDERSTAFFED

TIME GOAL

HOW TO USE: This sheet calculates how many years it will take to achieve your savings goal given the amount you contribute each month. Enter your information in the Savings Calculator table. In the Results table you can see how long it will take to reach your goal, and how saving more or less each month will affect the number of years you need to save.

| SAVINGS CALCULATOR | | |
|-------------------------------|--------------------------------------|-------------------------------|
| Current amount you have saved | Amount you can contribute each month | Annual Percentage Yield (APY) |
| \$1,000 | \$145 | 5.00% |

| RESULTS | |
|-------------------------|----------------------|
| Number of years to save | Monthly contribution |
| 4 | \$165 |
| 5 | \$128 |
| 6 | \$105 |

Your plan: ☐ Contribute less ☐ Contribute more

YEARS

4 5 6

Contribute more

To thriving.

Recruiting and retaining long-term hires can sometimes be frustrating or defeating but it is essential to growth and long-term success in the cannabis industry.

It is also just as vital to ensure you've properly trained and vetted employees with background screening, secured great pay, and established career growth plans so good employees are incented to stick around.

Finally, it is just as important to choose partners that are committed, willing, and able to help with

the typical bottlenecks that challenge cannabis companies. You'll find that the right mix of partners can be essential to a strategy to successfully manage risk, compliance, employee retention, and support growth.

From suppliers to technology providers, there are so many moving parts to a vertically integrated business, that you must plan for it all.

Beware of inexperienced Payroll and HR providers! Do not just settle for any service bureau that claims to support cannabis. Opt for a real partner that is willing and capable to support your current and future needs— one like PeopleGuru™ will provide you unlimited love and support along the way.

- Rich Cangemi
CEO

**Ready for
exponential growth?**

peopleguru™

CALL US TODAY 844 759 1984



