

2018 – The Year of Recreational Cannabis What Are the Risks? How Is Industry Managing Them?

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SCS Consulting and Value Chain Management International today released a research paper on opportunities and risks facing the Canadian cannabis industry. The paper can be accessed [here](#).

The financial and fiduciary risks faced by businesses, the speculative risks faced by investors, and the risks of unintended consequences impacting users and public alike is heightened by Canada being the first major developed country to legalize recreational cannabis nationally. The Canadian constitution divides functional aspects of implementation between the three levels of government. Thus, being a federated nation, decisions at the federal, provincial and territorial level are occurring simultaneously; many of these decisions are not occurring in unison.

As Canada moves towards legalizing recreational cannabis, authors of the paper propose a common framework that businesses operating in this emerging industry can utilize to mitigate the myriad of risks that they face.

Three key areas on which cannabis businesses must focus to strengthen their competitiveness, effectiveness and efficiency are:

- Consumer safety,
- Traceability and transparency along the value chain, and
- Product security.

The new cannabis industry needs to undertake a collaborative approach towards creating and sustaining market-driven value chain relationships. This will enable businesses to 1) identify where risks exist, 2) determine how to manage and control those risks, and 3) deliver the required controls to manage said risks.

Taking a collaborative approach will also enable individual firms to present a more unified voice, and help balance pressures that will inevitably be placed on them by regulators, consumers and larger retailers.

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