

Thinking Outside the Bud

Episode 430 - Colton Keluche

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EPISODE TRANSCRIPT

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Bruce Eckfeldt

Welcome everyone. This is thinkingoutsidethebud.com, Bruce Eckfeldt.com, thrive today is Colton Colucci. He is Director of Marketing at work. We're going to talk about cannabis. We're going to talk about employment. We're going to talk about all the things that make cannabis complicated from a business point of view, and the things that work does to really kind of take care of that for cannabis companies, you know, this is something that in a lot of industries, there's a lot of solutions around for cannabis. It's been a little complicated, given the legal status, given the sort of state by state market that we're in, all the complexities we have providing these kind of solutions to the cannabis industry is challenging, and work has done a really good job of solving them, solving most of them, and they have a lot of experience in the space. And so I'm curious to sort of see where they are, see where they're going. What they see the future of cannabis industry is where they see their opportunities in terms of supporting cannabis companies, and yeah, really kind of where the trajectory is going. So with all that, Colton, welcome to the program. Hey,

Colton Keluche

Bruce. Thank you very much. Excited to be on here and chat with you more.

Bruce Eckfeldt

Yeah, no, it's a pleasure. So we before I dive into everything that's going on with work today and where cannabis is, let's get a little backstory. I would love to hear a little bit about your story. How you got involved in marketing, how you got involved in cannabis, how you got involved with work, and then kind of where work has been less of real. I knew you guys have been around for a while, or in dog years, cannabis years. You're an old, a very old company, so I would love to kind of get your take on where you've seen the trajectory, and then we can dig into what you're doing today.

Colton Keluche

Yeah, absolutely. Let's see. So yeah, I started my career in cannabis about eight and a half years ago. Prior to that, I was an oil and gas working partner of Americans. So I was working with some tribes on vetting a lot of the tribes in the Bakken in North Dakota, with them kind of, you know, trying to work with a lot of Western business, off reservation type companies coming in, particularly energy companies, and just vetting them,

working through what it makes sense for both sides and how they can best work together. So, you know, as in that saw a lot of tribes were starting to transition, or look at cannabis and CBD, and so hopped out of that and started to just look to see how I could be of service. You know, being Colorado native, living in Denver, still, a lot of the companies that came out of Denver were, of course, those that are still around today, and some of those legacy companies.

So I was had the privilege of working with some of the top brands to just introduce them to these Native American tribes who are looking to get into business, and just vetting them on both sides, you know, what's a good fit for production or extraction, and just seeing a lot of that through. So that was kind of my introduction and transitioning into cannabis again about eight years ago. But really got into the marketing, and advertising side. I was a communication major in college, so just wanted to focus on how I can better describe and advocate for those individuals in cannabis that want to experience and be educated on different products as everyone knows, everyone got into the industry as more of a passion project, and originally, back in the day, you know, 2015, ish era was definitely a different ball game.

So for us, was a lot of product education, really just trying to destigmatize what it looks like for cannabis. And I don't want to, you know, repeat a lot of what I think your listeners have heard, but I think it's, you know, that was a big thing for me is, how can I start at a ground level to work with in a product advocacy, but also just working on better education around the plant and different form types. So worked for a variety of different digital advertising agencies within the space. And actually, my brother and a few others up in Boulder started a company some microdose, which is a sublingual tablet company that we had worked on back in the day, and so I was excited to kind of see on the product side, the B to C side of things, yeah, about products and getting them out there in front of consumers.

So worked on that. And then, you know, I'd heard of work through the grapevine as just a an employee of a different company that at the time, we didn't have reliable paychecks across the board. I think everyone experienced being paid in cash or some form, not really knowing when the next paycheck would come. Not so much because it wasn't, you know, offered, but because it wasn't really a normal aspect of the industry back then. Yeah, so you know what the work team was doing. Again, it popped up in multiple different conversations across the board as I kind of hopped around different startups throughout my tenure. But, you know, I looked at work about two years ago, and director of marketing position was open, so through connections, was able to make an introduction to the team, and it's been great ever since.

It's really nice to see how people are treated, and how the employee, the cannabis professional, can be really seeing themselves grow in the industry from a support side. So, you know, from being the person who is who is paid, you know, every once in a while to actually receiving direct deposits. Now is fun. So you. You know, I've loved to see that kind of growth and transition, and I think a lot of people, you know now entering the space with these emerging markets. Do you have that comfortability that we're able to provide with work?

Bruce Eckfeldt

Yeah, that's great. And give us a little background on work, right? What's the story in terms of how it came to be and how have you kind of gotten to where you are today?

Colton Keluche

Yeah? So our founder, Keegan Peterson, he actually got into it him, and a collection of individuals got into the space with kind of the same reason that I was looking at or talking up about before, was there was not reliable pay source for people coming into the industry. And so I was like, how do we normalize this a bit more? How do we allow people to actually see the value of getting into the industry? Because, you know, it really was still that fat. Still that fast, fun, kind of cool industry that was fun to get it, you know, high risk, high reward. But, you know, the longevity wasn't there. So I think with work, they really came into a position of, Let's equip them with tools that are normal for other industries to have, being payroll and HR and allowing for these companies to flourish and kind of be established for scaling and success.

And that was really, you know, I think the biggest driver coming into it in 2015 so as they grew, you know, we've had some of our clients have been with us since the beginning, which has been great. And as you mentioned, you know, our tenure in the cannabis space, being 2015 is saying something, yeah. And you know, with our 10 year anniversary coming up next year. It's going to be great for us to see how we've grown as a company, which we can get to a bit later, but it's something to, you know, appreciate, and I think we constantly know that, you know, had a company not stepped forward and done this, there would have been a lot of setbacks. So it was important for our founder and to the team in the beginning to really set the tone at the stage for what it looked like to be a cannabis professional and see longevity in the industry.

Bruce Eckfeldt

Yeah, it was definitely a little wild west. In the beginning, 100% you know, needed some more sophisticated solutions, and kind of standard industry solutions. I mean, I guess in terms of the complexities of providing the service to cannabis, like I know, things have evolved, but certainly in the beginning, you said that was not something that most people had access to give us a little bit more color on why that is from what you do point of view, and how does the industry change? Yeah,

Colton Keluche

I think it was really, you know, we focus on just disparate systems and consolidation. So our suite now was not what people had in the past. You know, it was often QuickBooks or Excel sheets trying to piece together, you know, especially, you know, from anywhere from cultivations to the sales floor. So there was a lot of, you know, people just creating their own systems. I've seen a variety of different ways of issuing out payroll and keeping track of it. So it's, you know, the climate back then and where we are now is just, I think, issuing out kind of the standardized method of how it's how it is so important to take care of your employees and have them be supported.

g that I experienced, too, was, you know, we had great talent. I've seen so much talent in my previous roles outside of work, just come and go, because there really wasn't that consistent pay, and it really was seeing where you know, where you can make the most impact, was still being supported. So where we are now, too, and how we've grown since, I would say 2015 is people have a lot more confidence in their employer, working on a platform like works, and being able to see that there is a future in it, I think is one thing that I've always experienced as a cannabis professional is, each year, you know, as you know, there's so many regulations that can change and really affect or impact the growth or the trajectory of the industry, but with us and our solutions, it's really going to be, you know, let's give These operators the proper tools and work with them on this scalable, efficient platform. And, you know, just grow with them. Not every employer that people are going to be

going to or working with will be on the work platform, but we hope that the majority of them that do work with it, you know, has a positive experience with I've seen myself grow with this company, and I can see this company is going places. Here's how they're benefiting the employee and just taking care of that entire employee life cycle.

Bruce Eckfeldt

Yeah. Give us a little overview of the platform and the services that you do provide for it, and maybe based on the company, or where the company is at in terms of their life cycle and how you support them in, you know, from a talent kind of support point of view?

Colton Keluche

Yeah, absolutely. So we always say pre hire to retire. That was kind of one of our catchphrases that we like to implement. And it really is. It's from the professional looking at, you know, if they are coming from traditional industry, or if they've been in cannabis for a while and they're looking to transition, is when they hop on having proper onboarding systems, LMS and training systems, so learning management systems, allowing for that employee to come into their position while equipped to understand, you know, every company has their own nuances, but making sure that we are there to support them throughout the HR Payroll and analytics side, which I'll get to in a bit.

But it's for us, a lot of it's just gonna be focused on those kit, those key, you know, fundamentals that you need, paying your employees on time, making sure that they're supported through our partners offering 401 ks and retirement plans, and allowing for that employee to really see that, you know, from the moment I step foot, or virtually, step feet, into this industry. You know, am I supported? Can I work with this company for a while, being that our clients and, you know, where do we step in? So we help anywhere from mom and pops to the larger MSOs, and are allowed to just, you know, release modules that make sense for them. We'll never kind of oversell or try and get them to a point where it doesn't make sense in their growth cycle. So for us, it's very much, you know, our implementation actual timeline is pretty extensive, comparatively to other just, you know, general payroll providers. But we really are looking at, hey, are you going into these new emerging markets? What are your eins look like? How is your company divided?

And so just working with them on their expansion and growth plans as well. So it's like, you know, for future stake, we're not going to put a band aid on a on a bullet wound, but also work to them, kind of, you know, we want them to be feeling as comfortable with the growth and the tools we're able to provide as I believe they're capable of doing. So for us. Again, we just, you know, the payroll HR HCM managed services is one that we also provide to we, which is where we kind of come in and don't really replace but empower the existing HR professionals at these organizations. So not just providing the tools, but allowing for them to work with some of our professionals, where, you know, two employees could feel like 12 with some of the support we're able to give. So just allowing for companies to see again, I always say just that scalable future for them outside of just their immediate payroll needs.

Bruce Eckfeldt

Yeah, and I'm curious, what have you kind of had to overcome in terms of industry complexities, regulatory, legal issues that are kind of unique to cannabis, that other industries or companies providing these kind of services and other industries don't have to deal with. Yeah,

Colton Keluche

absolutely. Well, 280 is no secret, I think, to you and a lot of our listeners. But you know, with that being said, there has been so many different nuances. As you know, we still have emerging markets that are coming online that are either, you know, trying to cookie cut the regulations from other legacy markets to those. So we're having to go in and, of course, navigate and work with them on what that space looks like. We've had kind of the track experience for us looking at ways to go into new emerging markets, but for us, I think we had a massive test around this time last year.

Actually, I won't mention the actual provider, but there was a general payroll provider that services other industries, and they announced their exit from the space, which was a huge shock, gave some of their their clients at the time, about a 30 day notice that they were being removed from the platform or were being audited to be kicked from the platform based off of a lot of banking relationships. As you know, that's probably the biggest thing that we face from a money movement payroll side, is just our banking relationships and having redundant banking relationships. So yeah, for us, you know, work has done a great job at having multiple banking partners, so we were able to onboard a lot of those clients or those customers that were in need. So that was a huge test for us last year was, you know, this general provider came into the space. They saw that they could potentially use their services for, you know, those companies looking to grow, but for us, you know, work. Since we are through and through for cannabis and built for cannabis, we had to step in and just kind of see that through and allow for those clients to continue on the same path without really any hiccups. So we're able to kind of help that offboarding of those operators.

But for us, it was just a matter of, I would say, just having an urgency, yeah, to those operators. For a lot of people, it was, you know, it's just, you can go find another Payroll solution, or HR solution, which the cost of that is, and the timing is pretty strenuous. I don't think of people. A lot of people understand that, but yeah, you know, we had an urgency for the overall success of the industry to continue to move forward without a hiccup, so we were able to step in and offer our services. Yeah, so I would say that's probably the biggest thing that I've encountered in my two years at work. But I know that. You know, since 2015 since work's been around. It's really been the good, bad and the ugly for what the industry's experienced and how we've overcome it, and I think we've been able to kind of grow with that as well. Yeah,

Bruce Eckfeldt

I know that you're in multiple markets at this point, and you know, cannabis has certainly been a very kind of state by state evolution here. Some of these markets been around for a while, fairly. Mature. Some of these markets are brand new. Some are thriving. Some are not obviously different licensing kind of models and regulatory setups. But what have you noticed in terms of the markets where you've been most active, what is kind of driven that activity, and where do you see kind of opportunities, or where do you see some of these other markets that maybe you're not as

Colton Keluche

active in? Yeah. So for us, I mean all the legacy markets. We are in every legal market. So we do service, you know, we have a pretty good eye on the nation and how we see growth and ways that companies are overcoming it. We have the privilege of servicing, you know, some of the larger MSOs. So with them, you know, having a good footprint in a few of these successful states, we're able to kind of just take that knowledge

and put it forward, whether that be, you know, working with our client success team or anything else, just on be able to pass along and kind of be a thought leader for them, I would say the biggest thing for us, you know, with California being hit with the 401, K and retirement, you know, restrictions, or, I guess, requirements last year, I believe it was, you know, for us too, when I talked about that employee life cycle, we have to be really thinking and have the insight to look forward to what the industry will be experiencing. So with us having a pretty good finger on the pulse, we can dictate, you know, I'm going to go back to California.

I am Colorado native, as I mentioned, but California seems always something exciting, too, I say happened. So it's whether that be good or bad excitement, but it's interesting for us just to monitor that see. You know, we have these, I always think of them as, like, different classes coming through. So you have, like, your senior class product companies and your freshman year companies coming in, and what they're experiencing. But for us. You know, since being around 2015 we're able to just, I think, really advocate for, you know, this has been experienced by companies of your size in this certain jurisdiction with these types of issues. So I wouldn't say we have like archetypes for different types of companies, but we're able to see, you know, how do we better service a mom and pop growing and if they are vertically integrated, which different jurisdictions are they going into, and just throughout our implementation process is better understand where their eins are, if we can help consolidate and just work with them a bit more So without getting into, like, the really nitty gritty of it, I think for us, it's just, how do we better structure

These companies to really see themselves flourish in these markets, and with Colorado and California and Washington being some of those that have been around for a while, we really do just kind of put that effort forward in these emerging markets, as we see companies that are going into it for the first time that just need basic payroll to again, our larger clients that are coming in there to acquire a license or go into these new markets that need us to help them with expansion. So it's interesting when they go into those markets.

Bruce Eckfeldt

Yeah, what are the kind of common challenge or things that a lot of companies kind of get wrong or maybe fail to put in place early in the process, like whether some pieces of advice you give to companies that are earlier or, you know, kind of growing and things they can get ahead of and avoid some of the pitfalls that typically happen. Yeah, absolutely,

Colton Keluche

I would say, you know, initially what comes to mind is just take care of your employees. You know, I think that goes without saying. But from what I've experienced too firsthand, but what we continue to preach at work is taking care of the whole employee. We really focus on work for employee benefits and what it means to be an employee of that company. So we really advocate that for companies. So as you mentioned, future companies, when they first start out, it's there's a lot of going on, a lot of moving parts, but your employees, you know, they joined on for particular reasons.

You'll have those key employees you want to take care of, but, you know, just really trying to envision what it's like for them, what's important to them. And you know, they'll continue to fight. Because I think everyone who's in this industry is in it for, you know, outside of financial reasons, will be in it for the benefit of the plant, working with people that they care about and really making it something that they can call their own. So there's a lot of passion that goes into the industry, which is no shortage, but for them to take care of their employees more and

to work with what their growth looks like is really what I think shouldn't be overlooked, because there's so much inspiration and a lot of drive from a lot of startups, which I love, and as they get, like, more accustomed to scaling and what success looks like to them, I think just kind of, you know, looking back at your systems and making sure that your systems can scale with you, we've had a lot of companies that have come to us that have graduated other, you know, payroll or HR solutions. They reached a point where, you know, hey, success to them meant opening up another store, but now they have 10 new stores within the same time period. And they're trying, you know, they're growing at an exponential rate.

You know, that's not for every operator, but for those that are really starting to scale or grow in a different direction, which you know, if you've been a part of any board meeting or discussion with. Some cannabis companies. It's like, how do we pivot? How do we address new markets? And so with that being said, though, I think just finding a scalable solution that you don't have to go back to every two years and kind of try and replace, but let's look 10 years out. You know, if we get to that great, that's our goal. If we fall short, you know, there's different areas to improve, but your system should never be holding you back.

Bruce Eckfeldt

Yeah. And I guess, where do you go as a company? I'm kind of curious, in terms of, as you've kind of solved different problems for companies, and you've seen the industry mature, what's the next tranche of kind of needs and services that you're providing to help these companies with you know, their growth, their strategy, really executing successfully? Yeah? So

Colton Keluche

we are super excited to kind of talk about, you know, the next phase of work we are currently undergoing, or finishing up our brand strategy. So we've gone after and we looked at the company, you know, not only what we've been known for, but what we're capable of doing. And a lot of that came about last year when we had an internal message, what if? And it was, you know, what if General payroll provider dropped out of the race? What if we decided to get into insurance, you know? What if we started to really play on our data? And so last year was a lot of experimenting and thinking about, all right, we've, you know, quote, unquote, mastered cannabis, HR and payroll. So what else is our company capable of doing given the data that we've collected since 2015 and what our new kind of relaunch will be is, you know, what does the maturity of work look like over the next 10 years? There's a lot can be happening that's outside of our control with, you know, rescheduling and anything else.

But for us, it's, you know, we have got a wealth of data that we've collected from, you know, across the years, and it's really, it's like, how do we use that data to empower our companies and the clients that we work with? So for us, it's going to be like, you know, how else can we allow for a one of our operators to just view the industry as a whole and say, you know, hey, if we're going to this market, or if we want to be competitive with these other individuals, you know, how do we hire the best talent? How do we get employees working for us versus our competitor? How do we allow for them to really dive into and pick apart, you know, whether it be compensation or anything else, but just seeing how do I stack up against the industry?

I think that's kind of a guessing game that's been on everyone's mind, you know, as they dive into this or get into new and new markets, and I think we're able to finally provide some insight for that, which will be awesome. Yeah. So for us, you know, launching some net new products this year will be huge for us, as I

mentioned. You know, work is reaching this maturity as we have been growing. And I think every company is kind of still growing out of that startup phase that's been around since 2015 but we're really turning a focus towards this urgency around data and technology, and not leaving people behind, allowing for them to, you know, continue to be doing more with less. I think is a huge thing too. A lot of these operators, especially in emerging markets, have got, you know, tighter budgets. Do not have the ability to pay for a robust system. And so it's like, you know, how do we create these products and that new tools for them to have better insight into the market that they're entering in. I mean, it shouldn't be a guessing game. So I think that empowerment and data play will be something that we're going to be focusing on more this year than than we have in the past. Yeah,

Bruce Eckfeldt

any interesting kind of insights, as you do have a lot of data, you've been in this for a while, you kind of see this market by market, any big kind of shifts or evolutions that you've seen, or kind of new standards that you've seen in the industry,

Colton Keluche

you know, without being too like subjective, because I know we're, you know, with a lot of our data, and what we're seeing will be more like Job reporting and allowing for people insight, as we call it. So you know, like I said, people's buying patterns, where they perform best areas that have seen growth for particular product sales or anything else. So without getting too into the details, I think we just see a shift. And of course, the larger MSOs, they've got, you know, powerhouses in terms of employees within their organizations, and so really just shifting towards making sure that the continuity of their offering is the same in every state they go into. So we're helping with that as well. But in terms of trends, you know, I was at MJ biz conference last year, and have been every year for the past, I don't even know, five years.

So kind of turns into a blur after a while. But exactly last year too, we noticed there's a lot more product companies out there and showing more. You know, everyone's kind of gun shy, of course, around rescheduling and what that'll do, hopefully an influx of capital, are people like relooking at the market. But last year, we saw a lot of product companies really just standing out again. I think you know, one thing that I've noticed, and this is me speaking for my own experience, not so much work. Work, yeah, but it's been just, there's a light back in the room. People are, of course, holding on and hoping to get a win when it happens, not if it happens, but when rescheduling happens.

But I think there's a kind of a breath of, you know, invigoration coming back into the industry, which is good, and so we can see that across the board, just with growth. I mean, a lot of people, of course, are still facing, you know, their own particular issues or nuances for their operation, but as a whole, we see the industry really being able to be more versatile and, I think, tactful, which we're hoping to kind of help with our some of our net new offerings. So, you know, no massive trends. I would say that we're picking up right now in terms of, like, a national market, but the micro markets, of course, are starting to perform a bit better, and as they're starting to go into the emerging markets again, I think we're going to see some better growth. But right now it's kind of this hurry up and wait mode. And I think with our tools that we're giving some of our larger clients, in particular, they're able to kind of reassess and better analyze how they're going to address those markets? Yeah,

Bruce Eckfeldt

makes sense. And I know that nobody is really sure what's happening with the federal descheduling or rescheduling. But how does this affect you? Like, as you kind of think about your business and how you operate and how these markets are set up, you know, if we end up with a federal legalization or rescheduling of cannabis, like, how does this impact you and how you go to market? Yeah,

Colton Keluche

so we welcome it. You know, there's always the question of opening the gates to other operators coming into the space, which you know there probably will be, but I think it goes back to making sure that we've provided true value outside of just our core offerings. So that's why this year, we're really working on developing, like I said, these net new offerings and database products that stand out from, you know, just those general offerings that we've presented in the past. So again, I think, you know, we're excited. I think everyone's kind of holding their breath, but for us, we're going to be, you know, super out front and again, advocating for the industry, as we always have with these products, so I'm excited to kind of get those launched and released this year.

Bruce Eckfeldt

Yeah, excellent. Colton, this has been a pleasure. If people want to find out more about you, more about work, what's the best way to get that information?

Colton Keluche

Yeah, absolutely. So my email is C and my last name Colucci at enjoy work, w, u, r, k.com, and you know, I'm happy to answer some emails or anything else. And then on LinkedIn, I am also, I don't want to say active, but I am on there, so I'll definitely be, you know, responding to messages or anything else, happy to chat people about the industry. And then hope to see some familiar, new faces at the events this year. Sounds

Bruce Eckfeldt

great. I'll make sure that the information's in the show notes. Colton, it's been a pleasure. Thank you so much for taking the time today.

Colton Keluche

Absolutely Bruce, thank you again. You.

About Eckfeldt & Associates

Eckfeldt & Associates is a strategic coaching and advisory firm based in New York City and servicing growth companies around the world. Founded and led by Inc. 500 CEO Bruce Eckfeldt, E&A helps founders, CEOs, and leadership teams develop highly differentiated business strategies and create high-performance leadership teams who can execute with focus and rigor. Leveraging the Scaling Up, 3HAG, and Predictive Index toolsets, the firm has worked with a wide range of dynamic industries including technology, professional services, real estate, healthcare, pharmaceutical, and cannabis/hemp.

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