

SPECIAL REPORT

# Women & Minorities in the Cannabis Industry



**MJ**BizDaily®

# INTRODUCTION



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*MJBizDaily*

Welcome to the third edition of the Women & Minorities in the Cannabis Industry Report, produced by the research team at *MJBizDaily*.

Since the first edition of this report was published in 2017, the cannabis industry has changed significantly—and with it the diversity landscape. For example, preventing individuals with a drug conviction from working in or owning a marijuana business—which disproportionately affects people of color—was common practice in most early legal marijuana markets. Now, social equity is a critical component in every market, new and old.

However, racial and gender diversity in the marijuana industry is still lacking—especially in ownership and executive positions. So too is the amount of hard data by which to benchmark the current state of diversity in the marijuana sector, understand the obstacles standing in the way of a more equitable industry and contextualize the initiatives states are putting in place to address the issue.

By utilizing data from several governmental agencies and incorporating additional information from our own industrywide survey, this report provides 15 key charts to address these deficiencies. Conversations with industry experts well-versed in matters of diversity and inclusion helped round out our analysis.

Throughout the course of survey development, analysis and publication, great care was taken to provide the most reliable and trustworthy data possible. *MJBizDaily's* purpose is not to hype the industry but, rather, to serve as a credible reality check.

Social equity initiatives and cannabis legalization are now intertwined, but there is still no magic bullet to improve the landscape. It is encouraging, however, to see new markets wanting to improve upon the programs that came before and older markets attempting to fill the gaps that still exist.

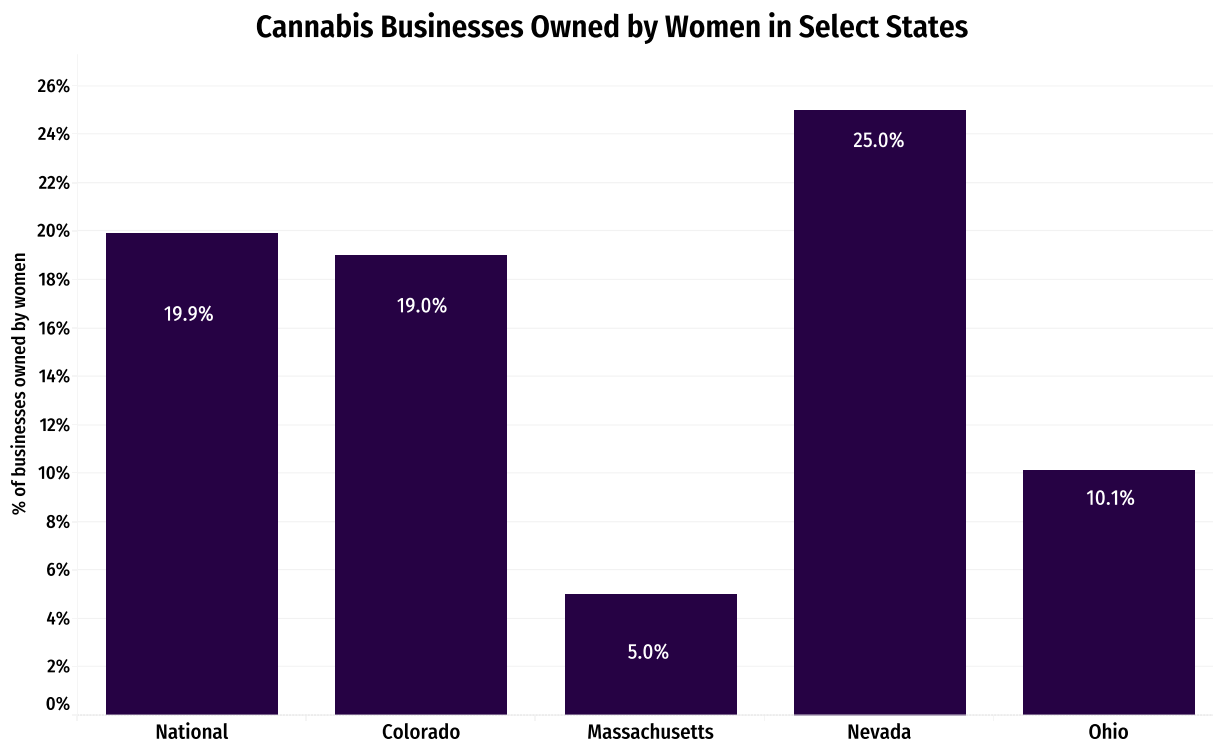
If you have any suggestions or want to provide feedback about this report, please contact me at [jenel.stelton-holtmeier@mjbizdaily.com](mailto:jenel.stelton-holtmeier@mjbizdaily.com).

**PART I**

# **Current State of Diversity in the Cannabis Industry**

# WOMEN IN THE CANNABIS INDUSTRY

**Chart 1.01:** Cannabis Businesses Owned by Women in Select States



Source: Colorado Marijuana Enforcement Division, Massachusetts Cannabis Control Commission, Nevada Cannabis Compliance Board, Ohio Medical Marijuana Control Program and U.S. Bureau of Labor Statistics Current Population Survey  
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Few states provide robust data on ownership demographics, and those that do, provide data based on different classifications. As a result, MJBizDaily's data team extracted a sample of data from select markets to provide a snapshot across the industry.

The markets evaluated, which include Colorado, Massachusetts, Nevada and Ohio, provide a snapshot across very different markets, from old (Colorado) to newer (Nevada) as well as recreational (Colorado, Massachusetts and Nevada) and medical only (Ohio).

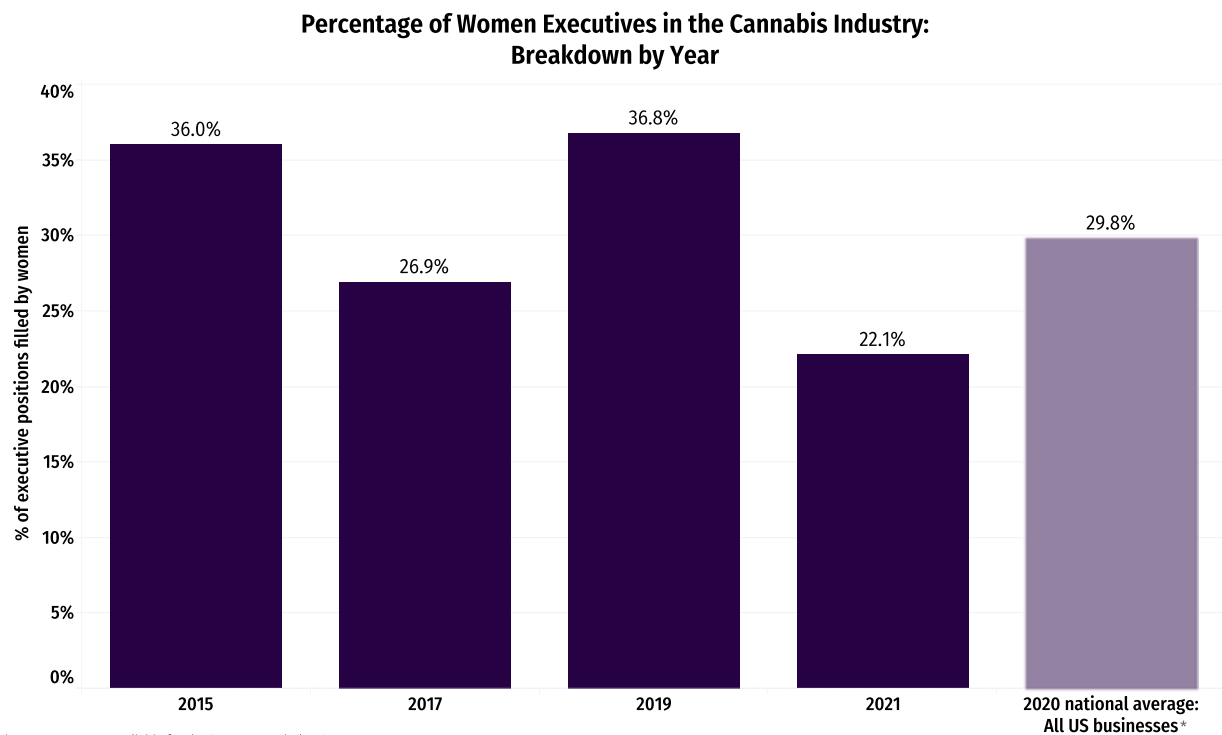
Only Nevada's plant-touching industry reported a higher ownership rate for women than the proportion of businesses in the traditional economy owned by women. Colorado's proportion of female ownership is just below the national comparison.

On the other hand, the difference in Massachusetts is quite stark, with the rate of female-owned cannabis businesses roughly a quarter that of the regular economy. Even more telling is that the rate has improved only slightly since the 2019 edition of this report, when the ownership rate of women was just 4.7%.

In Ohio, women account for 10.1% of owners of plant-touching cannabis businesses, down from 15.2% in 2019.

Lack of access to capital remains a key challenge for women looking to start a plant-touching business, regardless of the market. The amount of money needed to start a plant-touching cannabis business can easily surpass six figures, and the networks of investors that can provide that amount of money—such as high-net-worth individuals and venture capital firms—can be hard for women to tap into. If they do find an investor, the women-owned businesses often receive less funding and fewer resources—such as mentorship and strategic guidance—than their male counterparts.

**Chart 1.02:** Percentage of Women Executives in the Cannabis Industry by Year

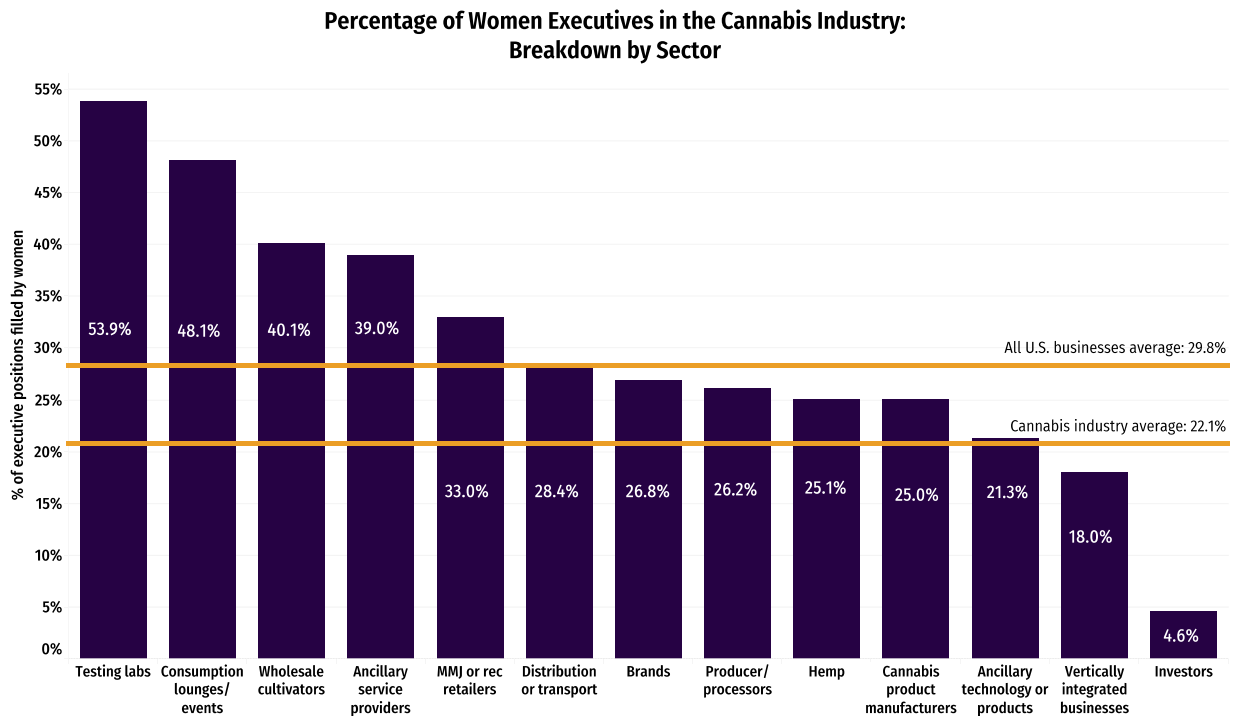


As the cannabis industry expands, more women are getting involved. But the percentage of executive positions held by women declined in 2021 after a spike in 2019.

Notably, in 2021, the percentage of women holding executive positions fell below the average recorded across the larger U.S. business landscape. Previously, the portion of executive positions held by women in the cannabis industry consistently outpaced that of mainstream businesses.

This shift isn't driven solely by the decline in women cannabis executives; the latest data from the U.S. Bureau of Labor Statistics indicates that women hold a higher percentage of these roles in the broader economy—up to nearly 30% from only 21% in 2018.

It's hard to say for sure what's driving the change, but some industry experts suggest that competitive markets tend to favor businesses with men in ownership and leadership positions, primarily because of their established access to capital.

**Chart 1.03:** Percentage of Women Executives in the Cannabis Industry by Sector

Source: MJBizDaily reader surveys and U.S. Bureau of Labor Statistics Current Population Survey  
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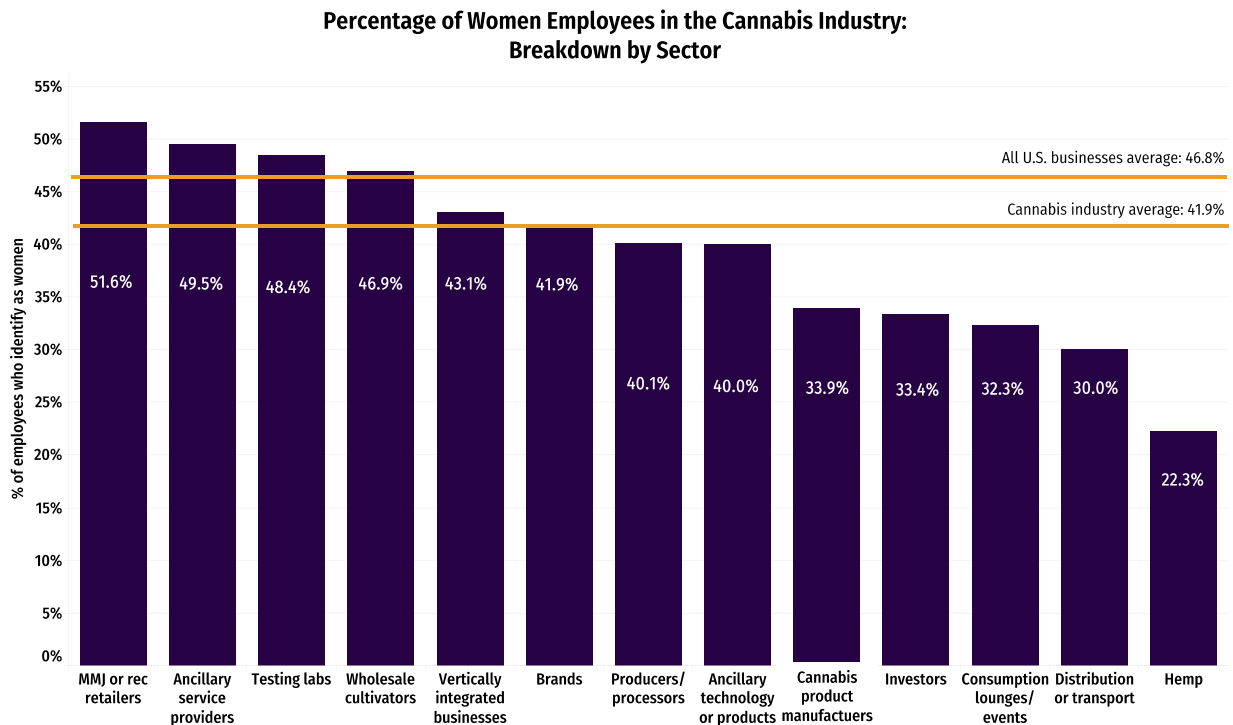
In nearly every sector of the cannabis industry, the portion of executive positions filled by women is lower than the national average for all businesses in the traditional economy.

However, sectors with higher female ownership rates tend to see a significantly higher proportion of women executives, with data showing that the majority of testing lab companies are led by women.

Consumption lounges/events—a new breakout category for this year’s edition—also reported high rates of female executives. This category likely received a boost because markets that allow for these types of operations are limited.

Less than 5% of executive positions at cannabis-focused investment firms are held by women. According to BoardEx, a New York-based data and analytics firm, women held 11% of executive positions in the financial-services industry in 2020, more than double the percent of cannabis investors. While the BoardEx analysis includes additional financial-services businesses, it serves as the best proxy we have for comparing cannabis firms to the broader economy.

The low rate of executive positions held by women at cannabis investment firms is worrisome, as access to capital has become a critical component of creating and running a successful marijuana company. While cannabis businesses could be started with only \$50,000 five years ago, licensing alone in most markets will run into six figures today. With men accounting for such a large portion of leadership in cannabis investing—and possibly favoring management teams led by other men, whether consciously or unconsciously—female executives could have a tougher time raising money.

**Chart 1.04:** Percentage of Women Employees in the Cannabis Industry by Sector

Source: MJBizDaily reader surveys and U.S. Bureau of Labor Statistics Current Population Survey  
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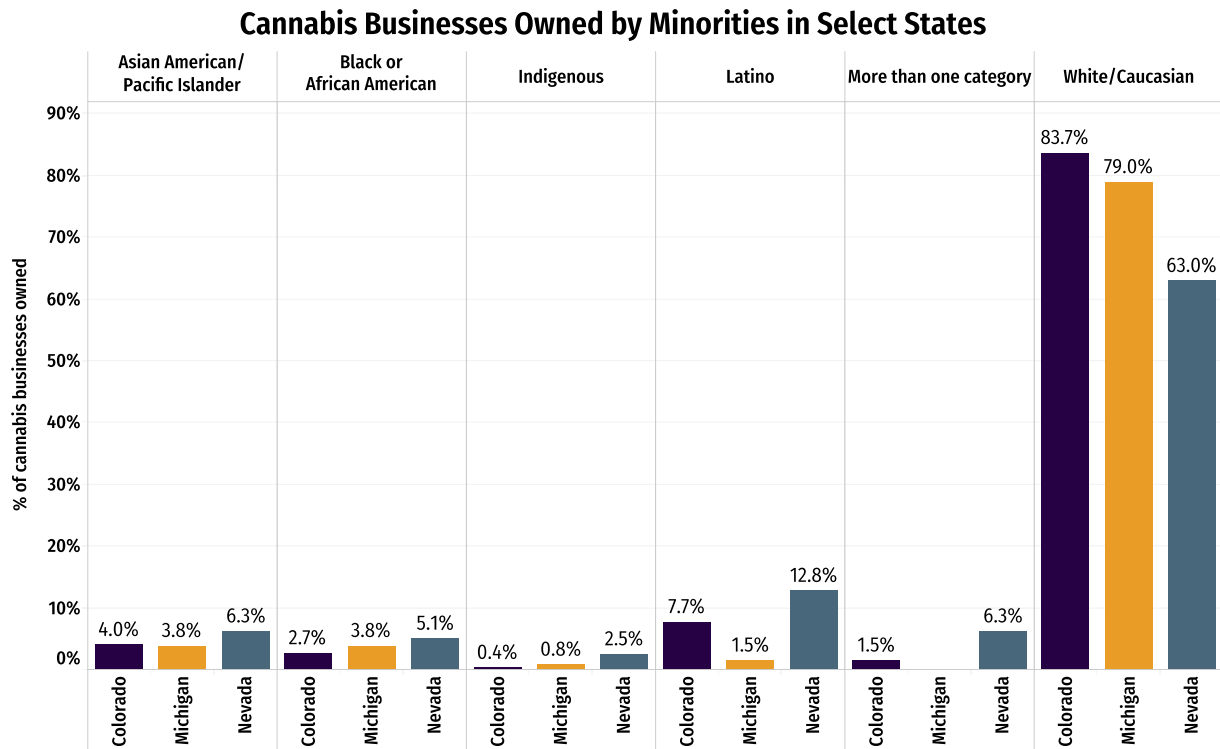
In terms of general employment demographics, cannabis companies still fall behind the broader economy in employing women.

Of note in the 2021 report, both surveys used as source material for this data included impacts from the COVID-19 pandemic, which likely pushed these figures lower. Women were more likely to leave the overall workforce stemming from the closure of schools and child-care facilities during the pandemic. And, based on the data, women who worked in the cannabis industry might have left the workforce at a higher rate than other industries.

As children return to school and parents no longer have to monitor at-home schooling, employment rates for women might tick up—though anecdotes from workers have indicated that many of those forced out of the workplace might have taken the opportunity to switch careers. In particular, high-stress jobs such as retail might have to provide additional incentives to attract workers back.

# MINORITIES IN THE CANNABIS INDUSTRY

**Chart 1.05:** Cannabis Businesses Owned by Minorities in Select States



Source: Colorado Marijuana Enforcement Division, Michigan Marijuana Regulatory Agency, Nevada Cannabis Compliance Board and U.S. Bureau of Labor Statistics Current Population Survey  
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Just like statistics for female-owned businesses, complete and consistent data about minority ownership in the cannabis industry is difficult to come by. Few states provide robust data concerning ownership demographics, and those that do, provide data based on different classifications. As a result, MJBizDaily's data team extracted a sample of data from select markets to provide a snapshot across the industry.

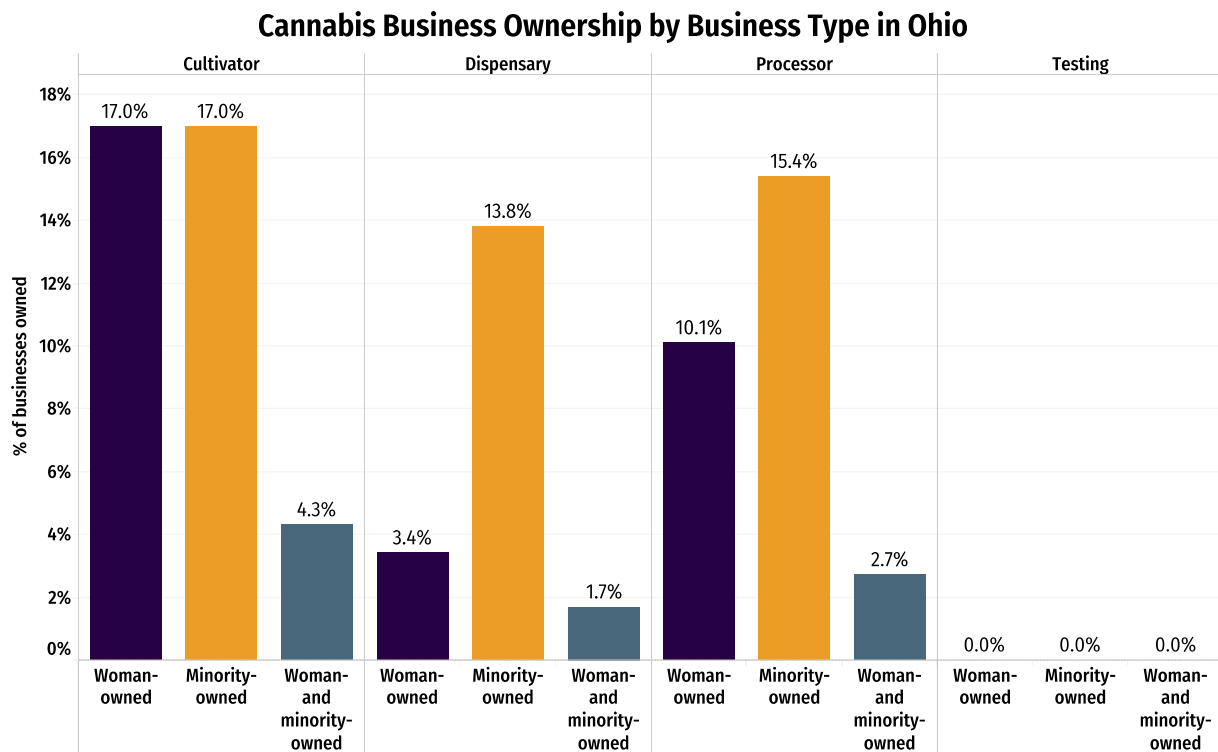
The markets evaluated in Chart 1.04 provide a snapshot across very different markets, from mature (Colorado) to nascent (Michigan).

A business that is minority-owned—meaning at least 51% of the business is owned and controlled by a racial minority—is different than a business with a racial minority owner. For example, if 20% of a business is controlled by a racial minority, the business has a minority owner but is not minority-owned.

While the data is limited in scope and might not be an indicator of minority representation in the broader cannabis industry, it provides an accurate snapshot of the level of diversity in these three markets and shows a distinct difference in the effect early focus on diversity can have on building the market.

Colorado, with its leading position in launching legal cannabis markets, paid no attention to diversity when developing its programs. As social equity has gained critical focus in newer markets, Colorado's Marijuana Enforcement Division has found itself trying to play catch up and add diversity programs to its already saturated market.



**Chart 1.06:** Percentage of Minority-Owned Cannabis Businesses by Sector in Ohio

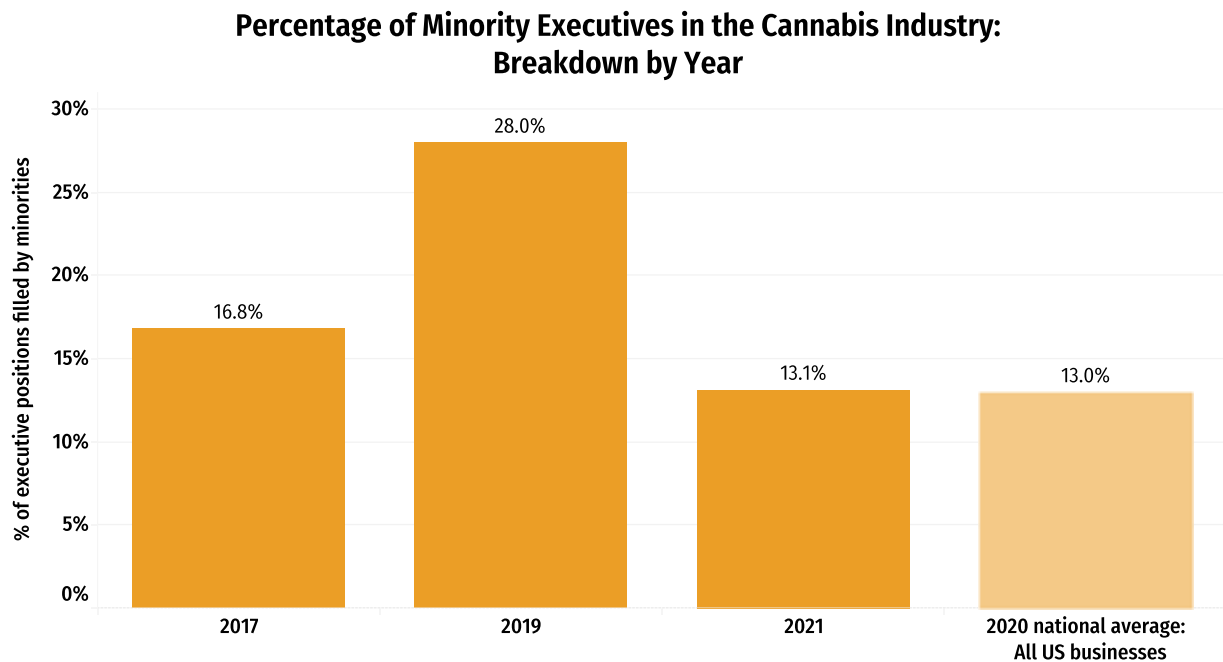
Source: Ohio Medical Marijuana Control Program  
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When Ohio's medical marijuana program launched in January 2019, it included a robust social equity component. Regulators mandated that 15% of all licenses go to companies that were majority-owned by a racial minority. Though the Ohio Supreme Court eventually declared this "racial quota" unconstitutional, the ruling didn't come until after the first round of licenses were awarded, meaning that some minority-owned firm benefited from the efforts.

Since the provision was struck down, Ohio implemented a "blind application" process that requires submissions to be reviewed with all identifying information and demographics to be removed—unless the applicant is specifically applying under the limited social equity programs that remain.

Women were not included in the classification "disadvantaged," which could be a reason that minority-ownership of plant-touching operators in Ohio outstrip female-owned businesses in most sectors. Even with the social equity quota struck down, the program successfully provided a ramp for entry into the cannabis industry for more minorities than seen on a national scale in the broader economy.

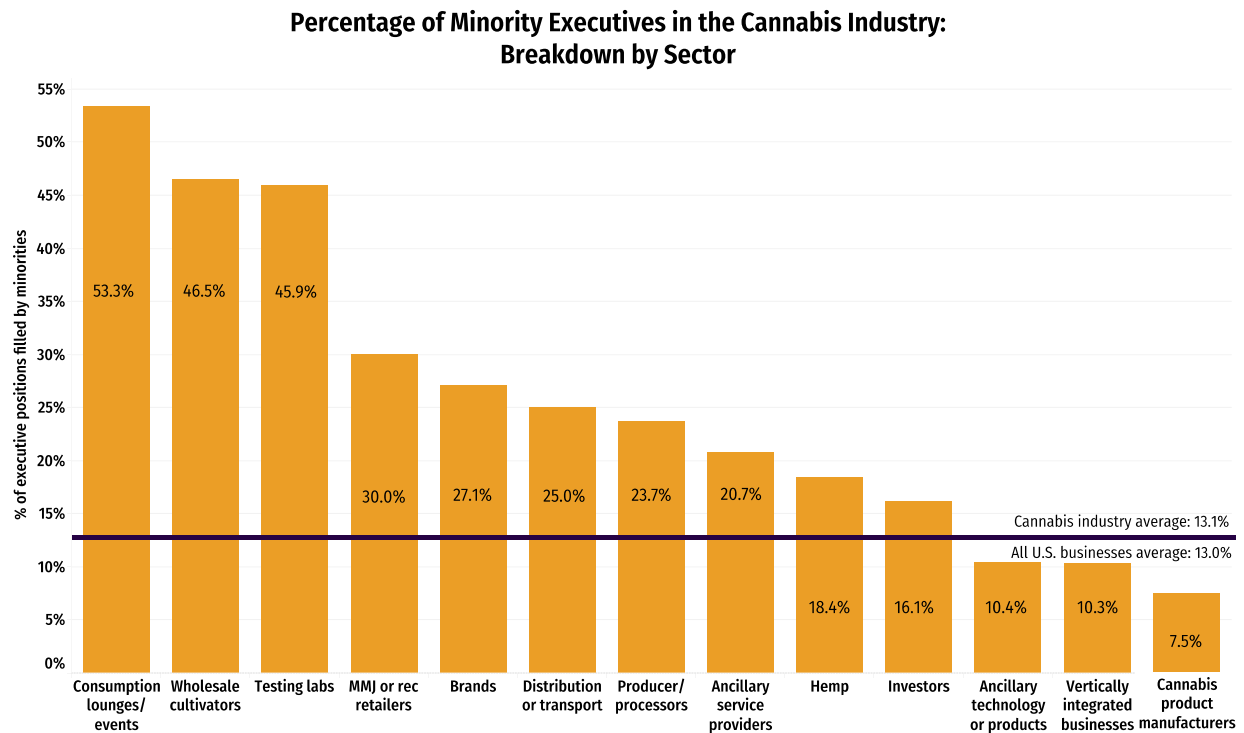
Where the struggle remains evident, however, is in the intersection of ownership for women minorities, which remains very low across the board.

**Chart 1.07:** Percentage of Minority Executives in the Cannabis Industry by Year

Source: MJBizDaily reader surveys and U.S. Bureau of Labor Statistics Current Population Survey  
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The percentage of minorities who hold executive positions at cannabis businesses stands at 13.1%, which is in line with the average across all U.S. businesses. The number is down from 2017, despite increased focus at the state level to improve racial diversity within the cannabis industry.

Social equity programs are a critical aspect of new regulated marijuana markets, and several of the first markets are looking for ways to fix this gap. But most programs have fallen short of their goals. Some of the contributors to these hurdles include licensing delays, challenges to how the policies are implemented and a lack of access to capital for economically disadvantaged communities.

**Chart 1.08:** Percentage of Minority Executives in the Cannabis Industry by Sector

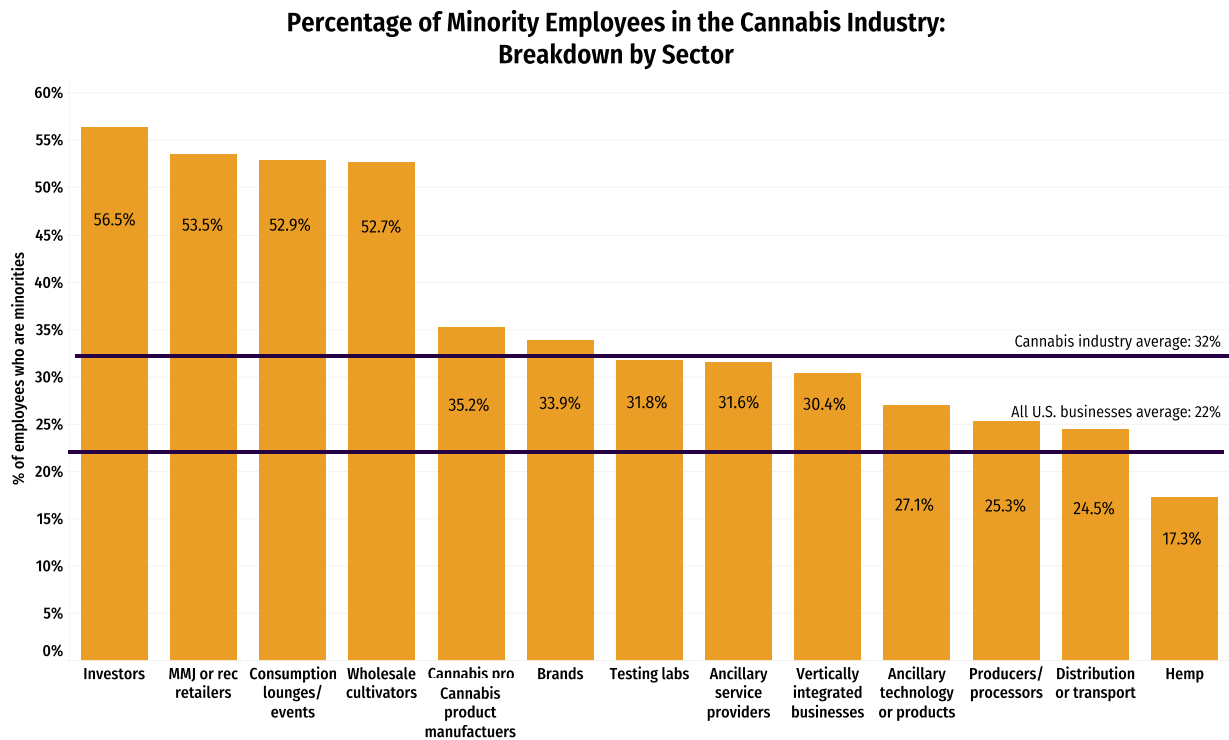
Source: MJBizDaily reader surveys and U.S. Bureau of Labor Statistics Current Population Survey  
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The percentage of minorities who hold executive positions at cannabis businesses stands at 13.1%, slightly higher than the average across all U.S. businesses as a whole but down from previous years.

By sector, minorities occupy a significantly higher percentage of executive positions at wholesale cultivation businesses relative to the rest of the industry. Minorities also hold a higher percentage of executive positions within the consumption lounges/events and testing lab categories, but these sectors are far smaller as a whole than many others.

Advocates of racial diversity in the marijuana industry have made meaningful progress in a number of states to influence policy and provide minorities with more opportunities to occupy decision-making roles in cannabis companies. These types of efforts have become ubiquitous with new cannabis markets, but no plan has emerged as the solution to righting the wrongs of decades of the war on drugs that disproportionately targeted minorities.

Mandatory vertical integration of cannabis businesses was a hallmark of many original markets, which might be a factor in why minority ownership is so low in that sector. Social equity and diversity simply was not a focus of those programs.

**Chart 1.09:** Percentage of Minority Employees in the Cannabis Industry by Sector

Source: MJBizDaily reader surveys and U.S. Bureau of Labor Statistics Current Population Survey  
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While the percentage of owners and executives remains low for minorities, the overall employment rate could bode well for the future of the cannabis industry—if companies provide a runway for advancement within their organizations. Cannabis businesses report significantly more minority employees than companies in the broader economy—10 percentage points more.

Several factors might be influencing this employment trend, including the social equity programs designed to boost ownership. As ownership rates inch upward, so too could employment. Newer, more limited categories, such as consumption lounges and events, also have higher participation rates, for example

**PART II**

# **Challenges to Diversity and Equity**

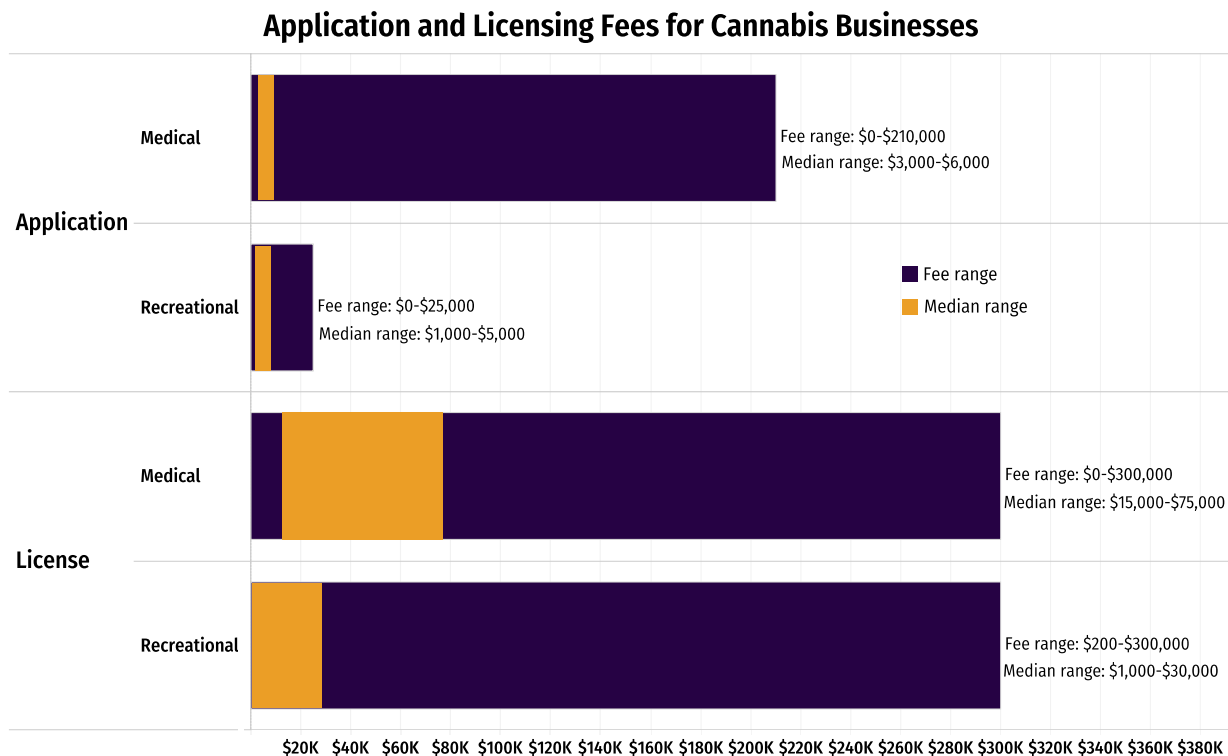
Several factors play into the inequity that exists in the cannabis industry, the largest of which is access to capital. In the *MJBizDaily* survey, we asked respondents about the biggest challenges to improving diversity in the cannabis industry. Below is a word cloud highlighting the responses.

Traditional financial networks are dominated by older, white men, and their personal networks often reflect those same characteristics. Breaking into the “good ol’ boys’ club” can be a huge barrier to overcome, especially when starting at a lower financial point, as shown in the following pages.

This section analyzes some of the highest barriers that women and minorities face when looking to start a cannabis business.

## What do you think is the biggest challenge to increasing diversity in the cannabis industry?



**Chart 2.01:** Application and Licensing Fees for Cannabis Businesses

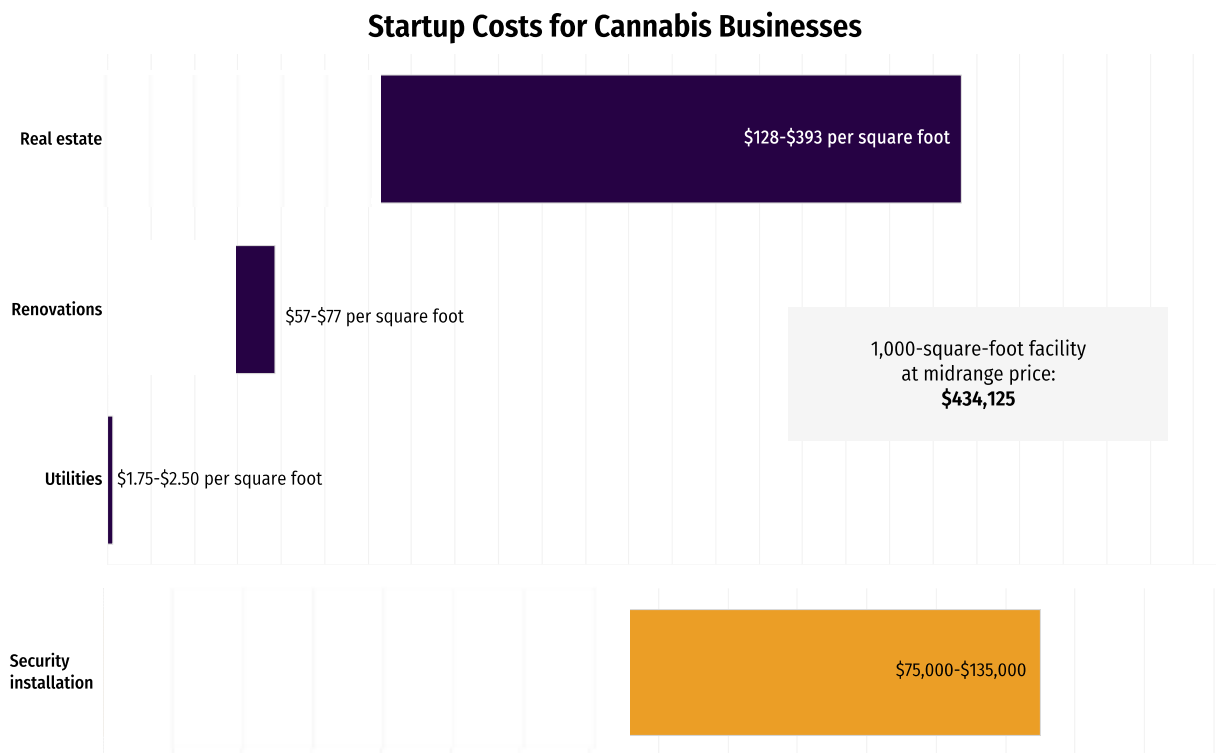
As noted previously, the high cost of starting a new cannabis business is a significant barrier to entry for many women and minorities who traditionally have been left out of capital networks. Those high costs start with applying for and obtaining a license to operate.

While the range of fees can be broad, depending on the state, rec vs. medical and the sector, it remains out of reach for many interested parties.

Not all states have separate application and licensing fees, which is why most of the ranges in the chart above start at zero. However, all states require at least one or the other—and the distinction doesn't always reduce the overall cost. For example, Montana has no application fee for cannabis businesses, but the cost of a dispensary license can run as high as \$100,000. On the other side of the spectrum, Oklahoma requires a \$2,500 fee with the application regardless of sector but no additional cannabis license fee.

California represents a unique challenge, with more than two dozen different license types and many variables that affect the fee structure for each. As a result, someone seeking a cultivation license might pay the state as little as \$1,340 (\$135 application fee; \$1,205 license fee) or as much as \$86,560 (\$8,655 application; \$77,905 license), depending on scale, lighting systems and location.

These ranges apply only to initial applications and licenses—the first financial barrier to entry into the industry. Renewal fees vary just as widely and aren't always less expensive than the initial capital outlay.

**Chart 2.02:** Startup Costs for Cannabis Businesses

Source: Good Tree Capital and Cova Software  
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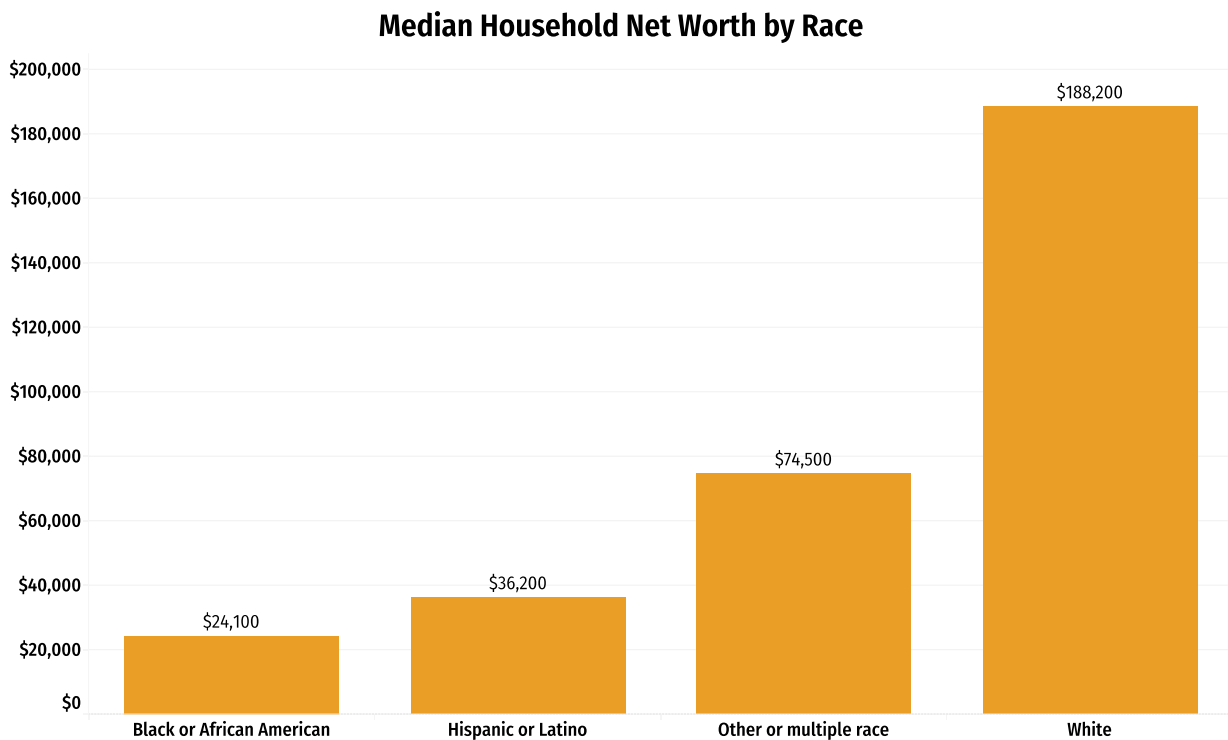
On top of application and licensing fees, securing real estate and bringing the property up to code can be daunting. Most municipalities have strict requirements for where a cannabis business must be located, and often that is in industrial areas on the outskirts of cities.

In addition, because of the perceived risk associated with housing a cannabis-related businesses, many landlords are hesitant to lease to marijuana operators. Buying a property outright is another possibility for cannabis business owners, but because of the location limitations, costs can reach \$500,000 quickly for a relatively small space.

Complicating things further, many states require operators to have a location acquired before an application is ever submitted—meaning a prospective business owner can be on the hook for property and renovation costs even if a license is not issued.

These exorbitant setup costs can keep all but the best funded out of the cannabis market. And because marijuana remains federally illegal, accessing funds through traditional financial sources such as banks is often impossible, leaving private funding as the only option. These networks, unless created specifically to address diversity issues, often are dominated by white men who can be biased—consciously or unconsciously—toward supporting individuals who look like them or have similar experiences, leading to a continued imbalance in funding access.

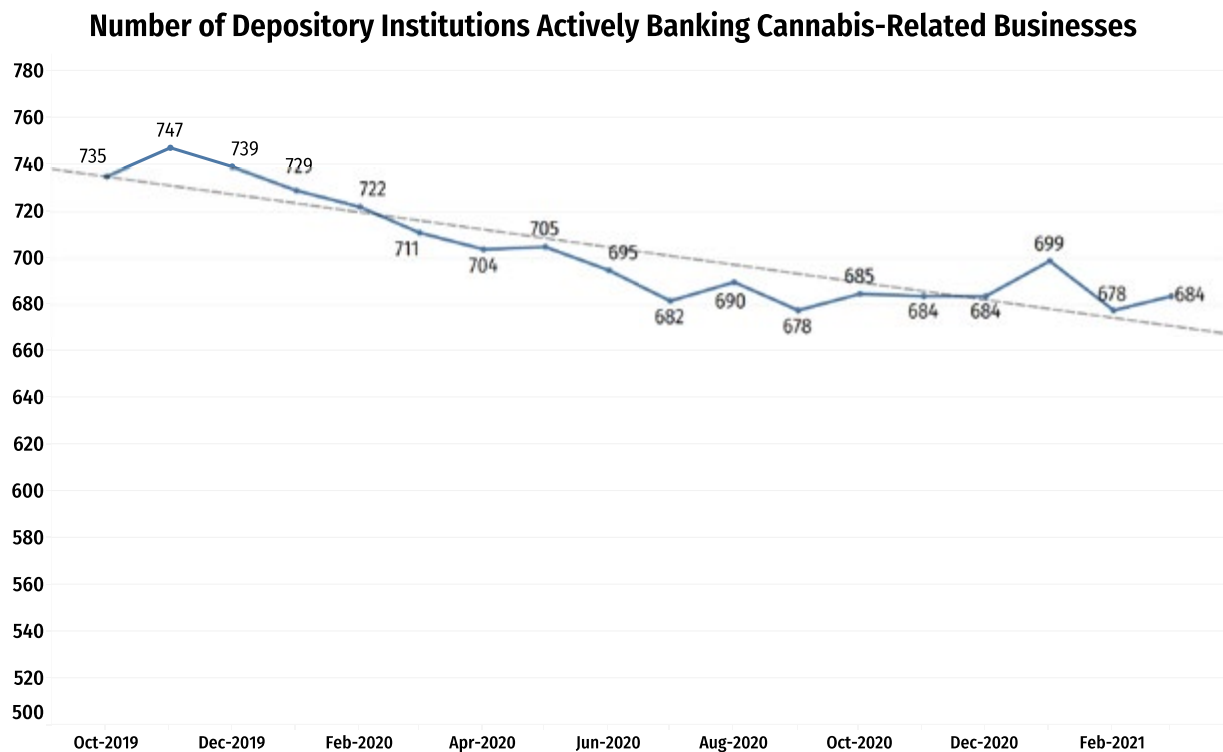


**Chart 2.03:** Median Household Net Worth by Race

Source: U.S. Federal Reserve System Survey of Consumer Finances (2019)  
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Access to personal capital tends to be closely tied to racial identity. In the 2019 Survey of Consumer Finances—the most recent available—from the U.S. Federal Reserve System, the median household net worth of white-identified households was nearly eight times the median net worth of Black or African American households.

Lower net worth often translates to less access to outside capital for use in establishing a business, cannabis or otherwise.

**Chart 2.04:** Number of Depository Institutions Actively Banking Cannabis-Related Businesses

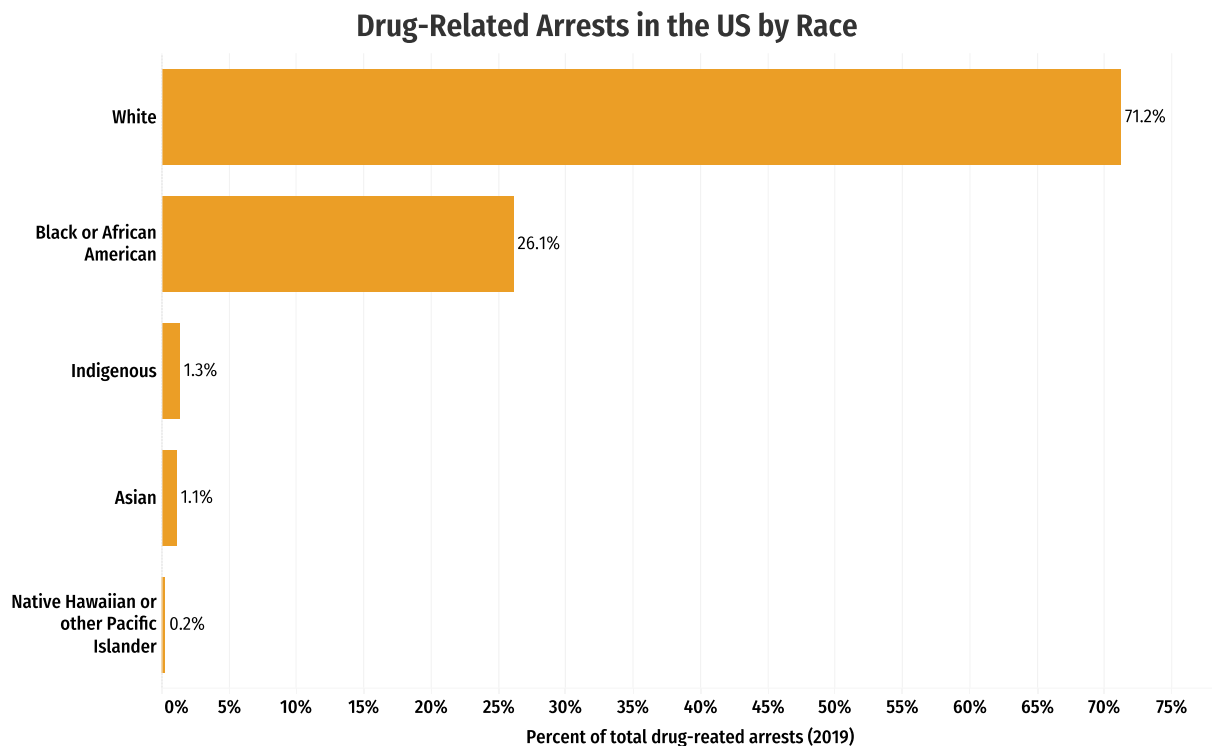
Source: FinCEN Marijuana Banking Update  
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Banking has never been an easy prospect for cannabis businesses. Many operate as cash-only businesses because the federally illegal status of marijuana has led to traditional financial institutions such as banks or credit unions opting out of the perceived risks of participation in the cannabis industry.

And while public sentiment about marijuana has become more positive and new states continue to legalize either medical or recreational cannabis—or both—institutions actively working with marijuana-related businesses has been on a downward trend since October 2019.

In its second-quarter report for fiscal year 2021, the Financial Crimes Enforcement Network (FinCEN) noted that this decline might be attributable to administrative delays related to the filing of responses to suspicious activity reports rather than any increased hesitation on the part of banks and credit unions.

But access to traditional financing channels is severely limited, with less than 7% of U.S. financial institutions currently working with cannabis operators.

**Chart 2.05:** Drug-Related Arrests in the US by Race

Source: FBI Uniform Crime Reporting Program  
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No conversation about diversity in the cannabis industry is complete without tackling the elephant in the room: the United States' decades-long war on drugs, which disproportionately affected minorities (particularly Blacks and African Americans) and economically disadvantaged communities.

While the general public has become more aware of the systemic problems, people who identify as Black or African American accounted for 26.1% of all drug-related arrests in 2019, according to the FBI's Uniform Crime Reporting Program. At the same time, that demographic accounts for only 13.1% of the U.S. population, according to the U.S. Census Bureau.

Adding to the challenge, many states that legalized the cannabis industry early included provisions that limited access for individuals with felony convictions—excluding many of the individuals most impacted by the war on drugs. Newer programs have explicitly expressed a desire to correct the mistakes of that policy, and older programs, such as Colorado, are working to address the disconnect.

There are no easy answers to overcoming this issue, even though questions of systemic racism within law enforcement agencies took center stage after the 2020 murder of George Floyd in Minneapolis.

**PART III**

# **Making It Better**

There are two critical ways to improve the current diversity situation in the cannabis industry: Increase access to capital and continue improving the social equity programs designed to boost participation.

## IMPROVING ACCESS

Without federal action, access to traditional funding mechanisms likely will not improve. However, several organizations—noted below—have appeared on the scene looking to fill the funding gap. Often, they also provide additional mentoring or training resources to help women and minorities get their feet in the door.

### Fluresh Five Accelerator Program

[fluresh.com/about/community-impact/](https://fluresh.com/about/community-impact/)

Fluresh is a cannabis brand that launched a Michigan-based accelerator in conjunction with community partners, intending to increase access and equity in the cannabis industry.

While it is open to any individual who is a legal resident of Michigan 21 or older, the program strongly places emphasis on social equity applicants and women.

### The Initiative

[intheinitiative.com](https://intheinitiative.com)

One of the original cannabis accelerators for women, this program out of Oregon offers a business boot camp and provides funding resources for female-founded cannabis businesses.

This accelerator has not been active during the COVID-19 pandemic, but it is expected to accept applications for new cohorts.

### Minority Cannabis Incubator

[minoritycannabisincubator.org](https://minoritycannabisincubator.org)

This female- and minority-focused program provides founders with education, mentorship and seed investment from seasoned entrepreneurs who have successfully scaled a business.

### NuLeaf Project

[nuleafproject.org](https://nuleafproject.org)

The NuLeaf Project invests cannabis tax and corporate revenue into Oregon-based businesses owned by people of color. The program's work is specifically designed to address the capital, education and connection hurdles that people of color face when entering the cannabis industry.

### Treehouse Global Ventures

[www.treehouseglobalventures.com](https://www.treehouseglobalventures.com)

Treehouse is a venture capital fund comprised of a group of female investors who have more than 10 years of experience in the legal cannabis space. The Chicago-based fund focuses on companies that are led by women and minorities and/or male-led companies that have strong diversity and leadership for women and minorities in their C-suites and on their boards.



### Canopy Boulder

[www.canopyboulder.com/about](https://www.canopyboulder.com/about)

CanopyBoulder has traditionally invested in seed and growth stage ancillary cannabis and hemp/CBD businesses. Since its founding in 2014, the Colorado venture has invested in more than 115 cannabis companies.

**Chart 3.01:** Is New York the New ‘Gold Standard’ for Social Equity?**Is New York the New ‘Gold Standard’ for Social Equity?**

Industry experts say New York’s adult-use marijuana industry has the potential to replace Illinois as the blueprint for social equity programs.

	 <b>New York</b>	 <b>Illinois</b>
<b>Licensing</b>	Goal is to issue 50% of adult-use licenses to social and economic equity applicants.	Social equity applicants receive additional points in scoring of applications - up to 25% of the total possible for retail licenses and up to 20% for grower, processor and transporter licenses.
<b>Taxes</b>	40% of the tax revenues will go into a community grants reinvestment fund.	25% of the tax revenues go into the “Recover, Reinvest, Renew” grant program to benefit disadvantaged communities.
<b>Programs</b>	Social equity program includes low- and zero-interest loans, reduced or waived fees, assistance preparing applications.	Social equity program includes low-interest loans, reduced application and license fees, assistance preparing applications.

Source: MJBizDaily research

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**IMPROVING SOCIAL EQUITY**

The development and implementation of effective social equity programs has eluded many legal cannabis markets. But new entrants continue to make adjustments with the hope they’ll find a right combination of funding and application scoring, among other components, to make real change.

**Trade groups and nonprofits**

While trade groups and nonprofits often don’t provide direct funding, they can be a great resource and support network to help get your business on the right track.

**Minority Cannabis Business Association**

[minoritycannabis.org](https://minoritycannabis.org)

The Minority Cannabis Business Association was created to help increase diversity of owners, employees and consumers in the cannabis industry. Its mission is to create equal access for cannabis businesses and promote economic empowerment for communities of color by creating policy considerations, social programming and outreach initiatives to achieve equity for the communities most affected by the war on drugs.

**Native American Cannabis Alliance**[nativeamericancannabisalliance.com](http://nativeamericancannabisalliance.com)

The NACA is a joint venture between Native Health Matters and Everscore, created to provide indigenous people with access to technology and networks to build a collaborative and competitive hemp and CBD supply chain.

**Supernova Women**[www.supernovawomen.com](http://www.supernovawomen.com)

Supernova Women was founded in 2015 to empower Black and brown people to become self-sufficient shareholders in the cannabis and natural plant medicine space through education, advocacy and network building.

**Toketivity**[tokeativity.com](http://tokeativity.com)

Toketivity is a global community of active cannabis consumers and business owners who connect through creative, social and political, intersectional feminist-forward activities and marketing campaigns that work to create radical, positive change within the cannabis industry.

**Women Grow**[womengrow.com](http://womengrow.com)

Women Grow produces professional networking events, local social events, regional education symposiums and national speaking circuits where aspiring professionals can connect with current cannabis business leaders.

**Women's Business Enterprise National Council**[wbenc.org](http://wbenc.org)

The WBENC's main goals are increasing supplier diversity and investing in the development of women-owned businesses as suppliers. The group provides educational content, programs on potential microloans, networking, certifications and more.

## METHODOLOGY

MJBizDaily gathered data for this report through an industrywide, anonymous online survey of cannabis business owners, founders and senior executives. The survey took place July 7-31 and includes qualified responses from 502 self-identified marijuana industry professionals across a variety of sectors.

### SURVEY RESPONSES BY SECTOR

Ancillary service provider	23.11%
Ancillary technology or products company	8.76%
Cannabis distributor or transporter	2.59%
Cannabis product manufacturer	8.57%
Hemp	1.60%
Investor	4.78%
Producer/Processor	8.76%
Stand-alone medical dispensary and/or recreational store	7.37%
Testing lab	1.79%
Vertically integrated medical and/or recreational business	11.16%
Wholesale cultivator	8.76%
Other	12.75%

These figures represent responses from individuals who are operating in a legal capacity in the U.S. cannabis industry.

Data was also collected and analyzed from state cannabis programs for data not available from the survey (e.g., licenses issued to minorities in a given market).