

Q&A with Nic Easley, CEO of 3C Consulting LLC helping Companies get Started, Licensed, become Established and Grow their Business in the Legal Medical Marijuana and Cannabis Industry



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Interview conducted by:
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CEOCFO: *Mr. Easley, would you tell us about 3C Consulting?*

Mr. Easley: We are strategic consultants for the legal medical marijuana and cannabis industry. We help practitioners applying for licenses get into the

“hands-on” parts of the cannabis business. These may be people who do not have the business acumen to navigate complex legal and financial hurdles as they start their companies. We are a beacon of light in a very hazy industry. We advise our clients on how to move forward setting up companies for the future and showing them how to be productive in this emerging marketplace.

CEOCFO: *Do you find that many people recognize they do not know what they are doing early enough and come to you at the beginning, or do people look to you when there is a problem?*

Mr. Easley: We have been consulting to cannabis companies for over twelve years and we used to fix a great deal of problems for existing operators in smaller marketplaces when this industry was in its infancy. However, as time progressed and we noticed new markets emerging, we began targeting clients who had the right teams and business acumen. Some were starting brand-new companies and had to first acquire a license, others were already operating. We have really pivoted from helping clients who are fixing problems to creating broad solutions for our clients whether they are starting or have ongoing operations. Additionally along the way, we found that many experienced clients didn't realize that they needed help. They would build in systems and processes without making the necessary adjustments, and would reach the point where they were not salvageable. They were could not raise capital, so their competitors took their market share. So our focus now is strategic cannabis consulting for the right clients in right markets. We help them get into the market cleanly and crisply.

CEOCFO: *What are some of the commonly recognized challenges of entering the market and what are some hurdles that people might overlook?*

Mr. Easley: Very good question. Just like the dot.com bubble, when you have a quick emerging industry it attracts all sorts of players. In addition, since this is involving such a highly valuable plant with such large upside it is unique, novel and the complications are enormous. Also when a multi-billion dollar market emerges so quickly many are trying to figure it out at the same time. We work in eight different countries and in twenty-one states domestically, and each state has its own laws and protocols that need to be followed, even down to the municipal level. Then on an international scale, you are dealing with countries that have mutual contracts, and some may be based on the 1961 Opioid Act standards, presenting different landscapes which each require navigation. With new entrants in the cannabis industry, most of the

problems that people are running into, is either they do not have business experience and the just have the cannabis experience, or vice versa. Thus they will develop the wrong partnerships or just partner too early. Also since the cannabis industry is federally illegal in the United States, if cannabis company operators do not know about tax codes like IRS 280E, then businesses cannot expense normal deductions or standard depreciation. This means that if they structured themselves incorrectly, they could be losing up to half of their profits. Structuring is further complicated because there are very unique idiosyncrasies for each country, state and market in which they are operating. For example, some new entrants into the space may want to start a cultivation company, but they are going to have property, they are going to have brands and IT, and there are multiple corporations that will need to be formed. However the newcomers may make a fundamental mistake and put all businesses under 1 company. Therefore, if there is a problem with that entity, the entire brand, the vision, the company, the assets, it all could be at risk. We find that the problem is that people underestimate the legal, finance and corporate aspects of running a cannabis business.

CEOCFO: *When you are working with a company, can you stick to just their area of concern? How do you offer a more global approach, if warranted?*

Mr. Easley: It depends on the company. Sometimes someone will say they need a greenhouse design or a security plan and once we start we will delve into other areas of their business. We do not just interject additional services but we will understand the exact deliverables and we will make sure we meet or exceed that expectation. In addition, we will include a bit of additional consulting to help them with the things they are not thinking about, so we will confidentially review all that is going on and make more recommendations. We are definitely in the business of relationships; not just small time consulting. We have had over 50 joint ventures and partnerships we have formed over the past few years. Therefore, we are always trying to look for a longer term relationship giving our clients what they need.

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CEOCFO: *Is the industry as fluid as it seems with regulations or is it settling down?*

Mr. Easley: I would say it is a little bit of both. With the international projects we work on, the rules are firm when they start, but there are always revisions that seem to arise. For example, in Colorado in 2009 until 2017, the amount of changes in regulations we have seen are voluminous. For example, initially no one was thinking about what would happen to a pesticide when it is combusted. However now we know that combusting a pesticide can have serious repercussions. So we are learning as the industry develops and unfortunately, many of these mistakes have caused problems for various states and companies. Each state has their own programs and protocols, but the problem is they are so broad due to multiple agencies interacting such as the EPA, the USDA, the FDA and OSHA. We have to keep learning how to do this better and better. At the same time, it is never enough just to do the bare minimum, because change in this industry seems constant. Therefore, whether our clients are agricultural, manufacturing, retail, or analytics, we help by looking at established industries including their rules and regulations to see if they might apply to the cannabis industry. By doing this, we try to design and utilize solid regulations and business practices from other industries so our clients are already set to be more successful.

CEOCFO: *How do you stand out to potential clients?*

Mr. Easley: There are hundreds of “cannabis consultants” or in our industry who call themselves “master growers”. What sets us apart is that we are not just from the cannabis industry. Since we have spent a good part of our careers outside of cannabis, we try to add solid business practices from other industries and combine them with our cannabis industry knowledge. This way our clients get the best cannabis advice, but also gain from dozens of years of experience from our experience in places like Silicon Valley and Wall Street, and and also benefit from our knowledge of big agriculture. Like I said earlier, we are not here to gain quick consulting revenue but rather choosing to establish relationships that are going to mold this industry on a long-term basis by helping to guide this industry forward.

CEOCFO: *How does your background in environmental studies and biology come into play?*

Mr. Easley: I have roots in big agriculture from the farm country in Wisconsin. Additionally I was a crypto-linguist for the military. I am a farmer and a biologist at heart. Being the CEO of 3C Consulting as well as directing multiple other

companies including a set of venture funds, I see that biology is very similar to finance. There are certain ways that things flow with energy and return on energy (like investment), so I would say that a company is like an organism. There are a lot of elements within an organization that have responsibilities, and if one element goes down the whole organism goes down. I try to look at companies holistically, with that biology mindset, instead of just a profitability mindset. We have seen some businesses build systems that are catastrophic to the environment. We have a mentality of a company is here to serve people, and the common good. We are servants to this industry and there are social systems that measure us, so we are building something to pass on to future generations.

CEO CFO: What surprised you as 3C has grown?

Mr. Easley: It is surprising is how much more complex things are now, when we used to think the industry was so simple. I am amazed at how much interest there is in the space but then the ego of the industry is actually preventing it from taking its deserving place, internationally. This multi-trillion dollar market is built on Cannabis and biotech, as well as the hemp industry. The most surprising thing we have found is that people are so scared to collaborate, it seems that they would much rather be competitive when, at this stage no one can take over the whole industry. It surprises me that people will not ask for help or take the time to understand what they do and why they do it. They hear an idea and just start moving forward with it, without really thinking through the various aspects of what it will really take to build a company in the cannabis industry.

CEO CFO: What is next for 3C Consulting?

Mr. Easley: We have positioned ourselves to be the leading strategic international cannabis consulting firm. Just like the gold rush, a new market comes with a once in a lifetime opportunity. There are only so many new markets, but they are forming faster than we ever expected. This has forced us to scale and build internal processes and systems, so that we could provide strategic services for dozens of clients. We have already worked in 21 states and 8 countries but it is only tip of the iceberg. Built on the 3C base, we have launched other companies and formed joint ventures in insurance, banking, products, services, growers and greenhouse companies. We have also launched 3 venture funds under our holdings company called Multiverse Capital Partners. These venture funds exist so our limited partners can more safely participate in timely, up and coming markets. Since we have 3C as a deep advisory partner, we can easily put potential investments through due diligence, reducing risk for our investors. We want to be that established, profession leader of this space, who knows the industry holistically. We have taken the early risks to get into cannabis before many of the larger companies did so we have formed a diverse network of partnerships across the industry and we will capitalize on these opportunities in order to grow.

