

Standard Wellness

shares lessons learned from the financial rollercoaster and expansion hurdles it has experienced on its journey to becoming a multistate operator.

by JOLENE HANSEN / photos by DANNY MURTAUGH

The *making* of an

Cleveland native Jared Maloof remembers a day in 2016 when Kevin Murphy, Standard Wellness co-founder, asked if he'd help fund a ballot initiative to legalize medical cannabis in his home state of Ohio. Maloof, who has an extensive background in finance, was working in metals—an industry plagued with supply-and-demand challenges. The opportunity to take part in a new industry held appeal.

"In cannabis, there was a very big need for leadership at all levels at the time," Maloof recalls. And, unlike traditional industries, almost everyone was starting from a similar place. Maloof made a Super PAC contribution toward a ballot initiative, but the Ohio legislature and governor beat the ballot and signed medical cannabis legislation into law.

Still, the call of Ohio cannabis was strong. "I think because it was my home base, I felt like I knew the players. I could wrap my head around it," Maloof says. He and four co-founders



launched Standard Wellness in 2017, believing local applicants for Ohio licenses would have an edge. Their hunch was confirmed. Standard Wellness won its Ohio cultivation license that year and, by 2019, Maloof had segued from metals into the role of multi-state cannabis CEO.



STRATEGIC EXPANSION

From the start, the Standard Wellness team viewed vertical integration as a distinct advantage. “I think vertical integration is essential,” Maloof says. “If you have retail dispensaries, you get close to the patient, and it helps inform the decisions you make when you’re cultivating and processing. The relationship between us and the patient has influenced how we’ve evolved pretty dramatically.”

With an Ohio cultivation license in hand, a dispensary license under the name The Forest Sandusky came next. Standard Wellness became Ohio’s first vertically integrated cannabis company when it won a processing license in early 2019.

While the vertical Ohio expansion materialized, Standard

made its first out-of-state move and went for New Jersey in 2018. The team didn’t win a license, but Maloof says he “got the bug.”

“I realized that there were going to be a number of other states to have competitive processes, and it was a one-time chance to grab land in a burgeoning new industry,” he recalls. Standard’s intentional, strategic expansion efforts—focused on limited-license medical states—grew.

Fueled in part by belief in cannabis’s medical benefits, the strategy offered other advantages. Maloof notes regulators in limited-license medical states tend to manage programs so lower initial volumes yield more sustainable margins from the start. “As the market grows, you expand with it,” he explains. “Then that gives you the opportunity to succeed financially.”

By the summer of 2019, Standard Wellness had applications on the table in Utah, Missouri, Maryland and again

in New Jersey. They acquired another Ohio dispensary and won cultivation and processing licenses in Utah and Missouri. New Jersey brought another loss—now on appeal.

“I would say I suffered from a fair amount of hubris, thinking that this wasn’t going to be as hard as it has been.”

Jared Maloof,
CEO, STANDARD WELLNESS

Fast Take With ... JARED MALOOF, CEO, Standard Wellness

What’s the biggest challenge in launching or maintaining a cultivation operation?

“Genetics. Genetics matter commercially. The hottest, newest strains do better than the tired old strains that are in your building.”

What’s something most people don’t realize about running a cannabis business?

“I think most operators underestimate how difficult the business is and how ingenuitive and successful the competition is and can be. I would say I suffered from a fair amount of hubris, thinking that this wasn’t going to be as hard as it has been.”

What keeps you awake at night?

“Managing operations to comply with complex regulatory environments across multiple states.”

What helps you sleep at night?

“My employees. When I got into this business, my main focus was to deliver a significant return for our investors. And that’s still part of what I wake up every day trying to do. But now my strategy has shifted to if I take care of my employees and the patients, then they will take care of our other constituents like lenders, regulators and shareholders.”

Advice for other cultivators or future MSOs?

“Ensure that you identify strong local talent to operate in the states that you choose to be in. Don’t believe that you’re going to be able to remotely manage a faraway operation the same way you’re able to manage in your home state. So, find that team and trust them.”

Standard Wellness upper management team from left to right: (Front row) Christine Corbissero, director of marketing; Christina Betancourt Johnson, CEO, Standard Wellness Maryland; Katie Hart, director of new markets; Jared Maloof, CEO. (Back row) Luca Boldrini, director of cultivation, Marc DeLuca, director of finance; Michael Wells, manager of product development Rory McClain, director of sales.



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Top: Outer Space in flower, getting ready for harvest.
Bottom left: Maloof and Boldrini in the "Mom Room."
Bottom right: Checking on plants in Standard Wellness' propagation room.



Right: Plants in Greenhouse 3 at Standard Wellness in Ohio.



WITH A LOOMING MARCH 2020 DEADLINE FOR CULTIVATORS TO START SELLING INTO THE UTAH MARKET, STANDARD WELLNESS WAS STILL SEEKING FINANCING. THEN STANDARD FORCED A TEMPORARY PLAN TO GROW IN 500-SQUARE-FOOT, SHIPPING-CONTAINER GROW PODS.

Maryland is on its way to a cultivation license win. But it took a long, arduous appeal before Standard Wellness Maryland was finally awarded stage 1 pre-approval in April 2022.

PURPOSEFUL PARTNERSHIP

Maloof considers Maryland among the country's top medical markets—one geographically positioned to capitalize on eventual adult use, federal legalization and demand in bordering states. But Maryland came into Standard's sights for another reason.

Washington, D.C., Conscious Capitalism executive director Christina Betancourt Johnson, a Maryland resident, recruited Standard to become her partner in Maryland's rigorous 2019 application round—one designed to promote diverse ownership in Maryland's medical cannabis industry, particularly for minority- and women-owned businesses.

Now CEO of Standard Wellness Maryland, Johnson would become the first Black and Latina majority owner to win a Maryland cultivation license, but she wouldn't go it alone.

With an expansive real estate and nonprofit background, Johnson knew Maryland's business community and culture intimately. She wanted a partner that could demonstrate past performance, mitigate operational risk and act as a sounding board. "When you're going after a highly coveted license in a limited-license state, you want experienced people in the foxhole with you," she says.

She also wanted a partner that wasn't too large: "I didn't want to get lost in their asset group, if you will. I wanted a partner that really valued working with me, who was really interested in doing business in Maryland, in serving the patients there."

A self-described "calculated risk-taker," Johnson approached Standard Wellness after a trusted industry consultant suggested the match.

In Standard, she saw a "gritty" company with "lessons learned" under its belt.

“With all of these forces working against cannabis companies, those who can survive until we have normalization in our businesses are **going to really thrive once we're treated like everybody else in the world.**”

Jared Maloof,
CEO, STANDARD WELLNESS

“The leadership team also had an acute awareness of finance and risk management, which is really important when you’re moving into the plant-touching business, especially in a limited-license state,” she says. “I felt that Standard was led by a group of community-conscious operators, which was parallel to what I wanted my business to be and how I wanted our business to show up in Maryland.”

Johnson went to Ohio and pitched the partnership. “At that point, we sort of knew,” Maloof recalls. “I would say to you... that we would have chosen Christina as a partner, regardless of the way the application round was structured. We were that impressed with her.”

Standard improved the application’s chances because of demonstrated cultivation operational expertise. Johnson improved the application’s chances because of her local market knowledge, professional background, and the round’s emphasis on social equity.

But Maryland’s 2019 round left Standard Wellness Maryland in the cold. Amid assertions of inequity and bias, a lengthy appeal for a cultivation license ensued. As Maloof says, “... it took two years of



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Christina Betancourt Johnson,
CEO, STANDARD WELLNESS
MARYLAND

hell that Christina had to go through to ultimately get it.” But get it, she did.

With the battle for Maryland cultivation finally won, getting operational has just begun. As with Standard’s operations in other states—from financing and construction delays to production deadlines and legal appeals—the steps to MSO status don’t come easy.

MULTISTATE FINANCING

As Standard Wellness grew, Maloof and team experienced the rollercoaster of financial interest in cannabis companies. He’s notably transparent about the ride.

Maloof says that Standard Wellness’s initial capital raises were equity raises. “We did so in 2017, when raising money for cannabis was relatively easier than it is today,” he says. “We raised \$100,000 from 12 different people. That gave us enough money to apply in Ohio. Those were 12 people that took a bet on us, which we’re extremely grateful for.”

Once Standard won Ohio cultivation, Maloof says 2018 equity raises were relatively easy. But then 2019 and 2020 hit. Equity investment dried up, but Standard had just won Utah and

JUMP TO P. 40

3 Lessons Learned With CHRISTINA BETANCOURT JOHNSON

CEO, STANDARD WELLNESS MARYLAND

1.

“It requires extreme faith and fortitude to enter into the market.” As a child, Christina Betancourt Johnson’s grandmother shared a Martin Luther King Jr. quote that still resonates: “Faith is taking a first step, even when you don’t see the whole staircase.” Johnson, CEO of Standard Wellness Maryland, describes her journey as a faith walk. “Nobody believed that I would be able to make this thing happen, with a partner or not,” she says.

2.

“Every deal dies at least once before it can live.” Johnson shares that negotiations with other business executives can get difficult. Going in with the understanding that every deal dies one or more times along the way brings some comfort to the process. “That’s golden to understand,” she says.

3.

“You may need to actually sue in order to get to a place that you’ve earned to be.” Johnson labels this “an extreme lesson learned,” one that she never anticipated. She stresses building in legal expenses and committing financially to the long haul. Her partnership with Standard Wellness proved vital in the Maryland appeal. “While we didn’t build it into the budget, they had the resources on the back end—after we had invested all that we needed to invest in the application process—to continue to fight. And that was critical,” she says.



Left: Johnson and Maloof at Standard Wellness’ Ohio cultivation facility. Top right: Standard Wellness employee Emily Reyes’ cannabis enthusiasm is exhibited on her feet.

Standard Wellness’ propagation room includes a tiered lighting system.

LUCA BOLDRINI

How **LUCA BOLDRINI** Works

NATIONAL DIRECTOR OF CULTIVATION, STANDARD WELLNESS

Boldrini details his favorite cultivation techniques and tools and offers advice for other growers.

Right: Luca Boldrini in the "Mom Room."
Top left: Plants growing in one of Standard Wellness' greenhouses.
Bottom left: Cody Rodenhauser examines plants in the indoor flower room.

One word to describe your cultivation style:
Commercial

Indoor, outdoor, greenhouse or a combination?

Indoor, outdoor, and greenhouse. I have a strong preference for indoor.

Can you share a bit of your background and how you and your company got to the present day?

I entered the cannabis industry in 2008 as an entrepreneur and cultivator by self-funding and operating grow operations across California. I moved to Colorado in 2014 to design and manage what became one of the first and largest indoor deep-water culture facilities in Colorado. In 2019, I became the director of cultivation for Curaleaf Connecticut, where I transitioned the company from soil to hydroponics in a new state-of-the-art facility. I have a passion for the science behind cultivation, and it has driven me forward to today where I am the national director of cultivation for Standard Wellness, directing cultivation sites across three states.

I have specialized in highly controlled indoor grow spaces that produce the highest-quality cannabis possible, but I have also grown in greenhouse and outdoor environments. I have a wide breadth of hydroponic media experience including rockwool, coco and deep-water culture. I have grown successfully under all forms of artificial lighting and room designs, in-

cluding two- and three-tier LED flower rooms. I have developed a highly effective and all-organic integrated pest management program that utilizes beneficial insects and bacteria to perform most of the preventive pest and pathogen management.

What tool or software in your cultivation space can you not live without?

[A handheld] temperature and humidity meter. Most static sensors go out of calibration, and they are only located in one area of the grow space. Even with multiple sensors per room, it can be difficult to find pockets of stagnant air without a reliable handheld meter. I wouldn't feel as confident in the integrity of the grow spaces without using the temperature and humidity meter to verify existing sensors.

What purchase of \$100 or less has most positively impacted your business in the past six months?

UV sterilization wand. They are relatively inexpensive depending on how often you plan to use it and at what scale. UV light can be used at any phase of growth to sterilize the leaf surface, but I most often use it during the cloning phase when plants are more vulnerable to pathogens and pesticide applications.

What cultivation technique are you most interested in right now, and what are you actively studying (the most)?

I am most interested in pushing

the limits of tiered LED flower room designs, specifically three-plus tiers. The environmental control and labor challenges presented are interesting to work through.

How has a failure, or apparent failure, set you up for later success? Do you have a "favorite failure" of yours?

Failure is always going to be a part of being in a new industry, especially when you live on the cutting edge and are pushing the limits. The goal is to avoid catastrophic crop loss or large failures, and to limit the lessons learned to smaller experiments that don't hurt revenue.

I have failed too many times to choose a favorite, but the coolest outcome happened after flower lights got stuck on for two weeks past their intended transition, and I ended up yielding the highest I have ever yielded due to the larger-sized plants. Quality was not premium, but yield was very heavy, and it was fun to see such massive colas.

What advice would you give to a smart, driven grower about to enter the legal, regulated industry? What advice should they ignore?

Focus on environmental control, irrigation, and genetics. Those are the most important factors to success in the grow. After that, it's management skills.

How do you deal with burnout?

I create a strong team around

me that can help shoulder the burden, and I have a good work/life balance. It's important not to confuse being busy with being productive, typically people that find themselves being busy aren't very effective or productive. The mind needs thinking and digesting time; one task followed by another leads to burnout.

How do you motivate your employees/team?

I think it's important to align everyone's goals and then incentivize everyone accordingly. We can't always control pay rates and infrastructure improvements, but we can control the general attitude we bring to work. Keeping internal conflicts to a minimum and allowing people to feel safe and productive at work is very important to a high-functioning team. It's also important to understand that everyone has unique needs and cater to them if possible.

What keeps you awake at night?

I sleep very well. A common concern used to be, "Did I forget to turn that valve off?"

What helps you sleep at night?

Having a strong team with integrity who are wondering, "Did I forget to turn that valve off?"

Read more interviews with growers sharing how they approach cultivation in CBT's regular Cannabis Workspace series here: bit.ly/cannabis-workspace



About STANDARD WELLNESS

Year founded:
2017

Locations:
Headquartered in Cleveland, Ohio, with cultivation and processing licenses in Ohio, Missouri, and Utah and retail licenses in Ohio and Missouri. Standard Wellness has retail operations in Ohio and Missouri under the name The Forest.

Facility size:
Operates cultivation and processing out of a 57,000-square-foot hybrid greenhouse/headhouse structure in Ohio, with plans to add an additional 100,000 square feet under roof. In Missouri, the company currently cultivates in grow pods, and a 35,000 square foot cultivation and processing facility is under construction. In Utah, the company currently cultivates and processes in a modular solution, a 2-acre outdoor grow, and is constructing a similar 35,000 square foot facility.

Number of employees:
145

Products offered:
Flower, vape cartridges and pods, extracts, edibles, topicals

JUMP FROM P. 36

Missouri licenses. There were facilities to build and deadlines to meet.

The team ultimately found a lender, at what Maloof calls “cannabis terms” of 13.5% interest and significant original issue discount—terms that most cannabis operators know well. But then they found a community bank willing to loan at 6% interest, no original issue discount, 25-year amortization and a 10-year term.

In 2021, on the heels of President Biden’s inauguration, investor optimism rose. Standard closed on its bank financing, the capital markets opened, and the company raised more equity. Maloof shares that Standard’s capital raises have been most successful raising equity from medium- to high-net-worth individuals.

“In the early part of 2021, we got all the financing that we needed—or so we thought,” Maloof says. Then came rising costs and disrupted supply chains. “So, we’ve been out there until just recently, raising more equity and debt to offset those supply-chain delays and cost escalations,” he adds.

CREATIVE PROBLEM-SOLVING

Standard’s expansion hurdles ranged from minor problems to what Maloof calls major mistakes. At the top of his list: the initial decision to house 100% of Ohio flowering capacity in greenhouses. Though winters saw high-quality product, Standard struggled with acceptable quality during summer humidity and heat.

The team decided to relegate summer green-

house-grown product to extraction and add indoor facilities for year-round flow-er. Ohio indoor production started in January this year.

Maloof feels another mistake was using general contractors (GCs) without cannabis experience. “Growing cannabis inside ... is a complex puzzle. Air-flow, HVAC, carbon dioxide, light levels. Getting all those parameters to work perfectly, simultaneously is a real challenge for GCs and engineers,” he says.

The lessons have been expensive, but instructive. “My mantra is as we move into new markets, we’re going to make all new mistakes. We’re not going to make the same one,” Maloof says.

Utah held different challenges. With a looming March 2020 deadline for cultivators to start selling into the market, Standard Wellness was still seeking financing. Then Standard forged a temporary plan to grow in 500-square-foot, shipping-container grow pods until they could secure the financing needed to build their planned cultivation operation.

Maloof says two things happened: They discovered the controlled pod environment yielded very high-quality product, and, when capital challenges hit and build-out plans stalled, cultivation and processing pods had already been deployed. Last year, the Utah operation added an outdoor grow.

When frost threatened the October harvest there, Ohio and Utah teams joined forces, working into the night with headlamps—more reminiscent of pre-legalization harvests than a legal grow.



Opposite page, top left: Lore Wells takes clones in the mother room. Above: Standard Wellness’ propagation room.

Bottom right: Ice Cream Cake.

“*Growing cannabis inside ... is a complex puzzle.*”

Airflow, HVAC, carbon dioxide, light levels. Getting all those parameters to work perfectly, simultaneously is a real challenge for GCs and engineers.”

Jared Maloof,
CEO, STANDARD WELLNESS

“We all came together around something that’s as awesome as an outdoor harvest. It was probably one of my most rewarding moments as the CEO of the company,” Maloof says.

In Utah, permanent 35,000-square-foot facilities are going up as this issue goes to press. The two- to three-tiered facilities should be online in late Q4 2022 or early Q1 2023. Meanwhile, the pods and outdoor grow keep rolling.

Missouri had a longer lead time, but a similar story. Funding fell short after Standard won its 2019 license, and it took a year to get state approval to grow in pods, which finally went online May 2021. The team hopes to add an outdoor grow this year. Like Utah, permanent 35,000-square-foot vertical growing facilities are slated for July completion, with Missouri operations in full swing this October.

STRENGTH FOR THE FUTURE

With adult-use on Maryland’s ballot this November, Johnson is confident it will pass, but she cautions that many variables will impact rollout. “[Passage] does not mean there’s a finger snap and we have recreational in 2023, much less 2024,” she says. Her focus is more present.

“Jared and I, we are working side by side to make sure that this operation is stood up, and Standard has extended their resources to make sure it’s done successfully,” Johnson says.

Priorities are real estate options for Maryland operations, including a planned 70,000-square-foot facility, and acquisition of a processing license. “Then we are focused on fundraising to ensure that we are properly financed to build out that facility and a first-class team,” she says.



Standard Wellness moved its flower production from greenhouses to indoor in January.



Cannabis growing at Standard Wellness' greenhouse in Ohio.

And as far as plans for retail, Johnson responds in what seems true Standard form: “We are trying to eat this elephant one bite at a time.”

Back in Ohio, adult-use initiatives now focus on 2023. Standard’s plans include building a 100,000-square-foot shell that will house a 25,000-square-foot expansion to the company’s existing footprint of 57,000 square feet, with the balance available as Ohio’s cannabis markets grow. New dispensaries on tap for Cincinnati and Kansas City, Mo., will bring Standard’s retail assets to four.

“If we think about where we want to grow, our goal is to strengthen where we are,” Maloof says. “Originally it was Ohio. Then it was the expansion phase—new markets. Now it’s get strong in the states in which we operate, which means adding retail in all of those states.” And, he adds, keeping an eye on

any new competitive application space.

Maloof holds that everyone in the cannabis industry is burdened; not just by banking or taxes or regulatory frameworks and supplier surcharges, but by the industry’s characterization as higher risk. “With all of these forces working against cannabis companies, those who can survive

until we have normalization in our businesses are going to really thrive once we’re treated like everybody else in the world,” he says.

“As is so often the case, the source of your biggest weakness is also your biggest strength. Our weakness is the way that other people treat us. But it’s also our strength, because it’s making us all stronger having to deal with these challenges.”

And Standard Wellness intends to be strong and standing when the smoke finally clears. ✧



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