

Why I Decided to Join the Board of a Cannabis Company

By Stacey Hallerman



Stacey Hallerman is a business leader, former C-suite executive, and a lawyer. For more than two decades in New York, she played instrumental executive roles at Richemont North America and Pfizer. She joined the board of MedMen Enterprises in July 2018.

The emerging cannabis industry is full of opportunity for merchandise and brand innovation, for breakthroughs in production and distribution, and for influential board oversight. In MedMen Enterprises, I found a newly public cannabis company that was especially compelling based on its growth potential and commitment to developing industry-leading practices from the retail floor to the boardroom. I also saw very strong alignment between my expertise in high-end brands and pharma and MedMen's projected path to brand development and industry leadership.

The company generated total revenues of nearly \$40 million in its 2018 fiscal year, and there is an addressable market of \$75 billion in the United States alone, based on estimates provided by investment bank Cowen & Co., which projects that legal US cannabis sales will reach this level by 2030. To capture an increasing share of that massive audience, MedMen representatives expressed their desire to recruit directors who could govern prudently and who collectively bring expansive corporate knowledge to the board. This was clear from my first informal chat with MedMen General Counsel Lisa Sergi during a dinner with friends, and was further ampli-

fied in formal conversations with the company's founders.

To be sure, I was well aware that in certain areas there was and is a lingering social stigma attached to cannabis. But this is fading quickly in California and increasingly across the country. Marijuana is legal in some form in 33 states and the District of Columbia. In my view, it is only a matter of time before this trend spreads to other parts of the country and it becomes federally legal and widely accepted socially.

As a result, I did not dwell on the inaccurate stoner stereotypes of the past. I instead focused on the enormous potential and a once-in-a-lifetime opportunity to help lead an innovative company at the forefront of legitimizing and developing a thriving industry.

When I joined MedMen's board in July, I was energized to help build a great company on that ambitious foundation in an emerging industry and, more specifically, to broaden expertise among a team of directors dedicated to best-in-class oversight. MedMen formed its board in 2018 with an expectation of drawing upon the know-how of directors with varied experience and expertise.

Prior to joining MedMen, my husband and I left New York,

where we had always lived, and moved to Los Angeles to be closer to our sons. As an executive in New York for more than two decades, I built a résumé that included leadership roles, brand development, and legal experience. As a member of Richemont North America's executive management team, I helped transform the organization and grow its suite of renowned brands. While at Pfizer, I developed and managed the company's strategy for global brand protection, enforcement, and litigation.

At Richemont, I had helped build operations from the ground up. As we started our new lives on the West Coast, I sought an opportunity to do this again as a director at a fast-rising company in California.

It did not take me long to find it. Everywhere I went I sensed this amazing buzz about MedMen. Its stores and billboards are strategically located in prominent locations throughout Los Angeles. Its advertising countered the conventional perceptions that mainstream America clings to regarding marijuana and the people who use it, even though the drug's merits—which include the treatment of chronic pain, muscle spasms, anxiety, and symptoms of Parkinson's and certain types of seizures—have

been well documented.

In California, the legal use of cannabis is increasingly embraced by the public at large, and MedMen's proactive efforts to inform consumers are instrumental in legitimizing cannabis and bringing it into the mainstream.

MedMen has successfully carved out a dominant position in the cannabis industry, and when it went public in May, it positioned itself for substantial expansion. Its first-rate interaction with customers is of chief importance. MedMen's stores are designed to eliminate the stereotypical images of pot shops. Their sophisticated stores are established in prime locations—including Beverly Hills and West Hollywood, and New York's Fifth Avenue—and are brightly lit and designed for customers to easily browse the merchandise. Retail staff are trained to inform and help customers choose products that genuinely meet their needs and wants.

These stores are committed to selling only high-quality products, so cutting-edge production is also a key part of MedMen's strategy. The company owns and operates 20 facilities that are at the forefront of cannabis production, stretching from cultivation to manufacturing to retail in five key states: Arizona, California, Florida, Nevada, and New York. It enforces the highest operating standards—standards that meet those of the broader pharmaceutical industry.

MedMen is quickly moving to capture opportunities on an ever-extending runway. It recently announced transactions to open facilities in Arizona and Illinois. It has nearly 1,200 employees and plans to expand in other states and Canada, which legalized recreational cannabis use in 2018.

Investors' interest in the cannabis industry is mounting, but so too is their focus on companies able to demonstrate

credibility and profitability. That makes talented directors with deep experience in corporate governance practices and diverse skills necessary.

A highly competent and high-functioning board is also a must, as savvy investors pay careful attention to how newly public companies put together their boards. They want to know if the company is attracting not only smart, talented people with relevant expertise, but also a group of directors whose back-

and integrating it into their approaches to self-care. I also anticipate that women will increasingly weigh in on the cannabis-buying decisions in their households.

MedMen's diverse board, which includes two women among its 10 directors, brings not only governance knowledge, but a breadth of views that better informs us about our customer base. So it stands to reason that a company with women helping to govern it—and in my case, a director with extensive consumer branding

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grounds and experiences mirror the population that the company aims to serve.

Diversity is indeed paramount to understanding the audience at large and injecting ideas and nuance as they advise management teams on how to carry a brand forward. No growth-minded company can afford to exclude large representations of the population. I will use gender diversity as an example: US Census Bureau data show that women influence roughly eight out of 10 consumer-purchase decisions. That means there is an enormous potential market of women as the cannabis industry grows.

As MedMen and others work to educate consumers about the wide range of high-quality cannabis products and the various uses for them, I expect more and more women will become customers. Women are discovering cannabis as a wellness tool

expertise—has an advantage in reaching this audience. MedMen recognizes this. Too many companies do not. Despite the fact that women are the world's most powerful consumer, they continue to be underrepresented on the boards of consumer companies.

MedMen is committed to getting things right with its products, facilities, stores, employees, and management. Its board is no exception. As directors, we realize the company is still in an early stage of growth, but we are dedicated to its pursuit of excellence and our own obligations to ensure accountability to our stakeholders.

We as a group have the collective experience and the range of expertise to make MedMen a leader in board oversight. I am personally thrilled to be part of a leading business in an emerging industry that adds real value to the world. 