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**Managing human capital
in the age of disruption**



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Whether growing aggressively or refocusing on core activities, cannabis companies need to invest in their human capital.

It doesn't matter if a cannabis company is continuing to scale up and expand—or retrenching and refocusing on the core business—its success depends on the skills and capabilities of its workforce. To unlock the cannabis sector's next wave of opportunity, companies need to act now to effectively support and enable their human capital, by becoming more adaptable, reinventing their talent strategy, and reimagining the role of human resources (HR).

Talent challenges across the industry

Many cannabis companies share the struggle to overcome significant workforce challenges

It has been a rollercoaster ride for the Canadian cannabis sector since Canada's 2018 legalization of recreational cannabis. Some companies have achieved tremendous growth through aggressively pursuing acquisitions and big infrastructure investments at home and abroad. Others have had to cut staff and concentrate on their core business to improve profits and get back on track.

Despite their different circumstances, many cannabis companies share a struggle to overcome significant workforce challenges. Fast-growing companies find it difficult to adapt to operating as a much larger

enterprise and cultivate the leadership they need at this level. They're stymied in their efforts to attract, retain, and develop scarce talent, and they're grappling with how the HR function should drive and enable their people strategy. At the same time, cannabis companies that are retrenching are putting incredible pressure on HR and the wider organization to get back up, dust themselves off, and move forward.

No matter the nature of the workforce challenges they face, cannabis companies need to focus on and invest in building a strong human capital foundation that will enable the organization to successfully achieve its objectives.

Here are three steps companies can take to achieve this goal:

1. Improve organizational adaptability

Cannabis companies are no strangers to uncertainty and volatility, but the extreme highs and lows of the past year suggest many companies need to greatly improve their ability to respond to a rapidly changing market and turn adaptability to market turbulence into competitive advantage. Companies need to implement an "adaptable organization" model that balances efficiency and agility, control and empowerment, and specialization and collaboration.

Key characteristics of an adaptable organization include:

A customer-centric operating model structured around the customer and the outcomes that matter to them.

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A network of right-sized teams with a diversity of thinking styles, access to needed skills, and a clear outcome to focus on.

Front-line decision making that empowers employees to make decisions in the customer's best interest.

Agile ways of working that help employees learn rapidly, improve how they operate, and create the most value for customers.

Mechanisms to continuously sense and respond to signals across their ecosystem, enabling the company to focus on what matters—and avoid what doesn't.

2. Implement a value-driven talent strategy

It's increasingly imperative that cannabis companies establish a value-driven talent strategy that's integrated with the organization's strategic aspirations, operating model, and organizational structure. This will help companies make sure they're recruiting critical talent with the right skills and capabilities, shifting talent internally as needed to adapt to changing business conditions, and working with the right external partners.

To establish a value-driven talent strategy, cannabis companies should:

Identify and understand what success looks like for talent based on what success looks like for the organization overall.

Integrated value-driven talent strategies will help companies make sure they're recruiting critical talent with the right skills and capabilities

Identify talent investment priorities based on the realities of a turbulent market and shortages in critical skills.

Develop the capability to pivot quickly, refocusing talent on the most important customer outcomes or leveraging external partners and suppliers to access capabilities and manage risk.

Keep their talent strategy short and to the point to enable greater alignment between the organization's growth-related needs and the HR functions that bring the talent strategy to life.

3. Reimagine the HR function to empower the workforce and the company

The HR function plays a critical role in enabling cannabis companies to compete amid rapid growth, market volatility, fierce competition, and legal and regulatory complexity. Yet to ensure the workforce focuses on achieving the right customer and business outcomes, HR needs to break free from traditional operating models and embrace its new role as a key business partner and trusted advisor. To do that, companies need to make sure that HR has the right roles and capabilities in place and is equipped with the right digital enablers.

To successfully reimagine HR, companies should:

Put HR's "customers" at the centre: workers' unique needs should be the start and end point for every HR program, initiative, and solution.

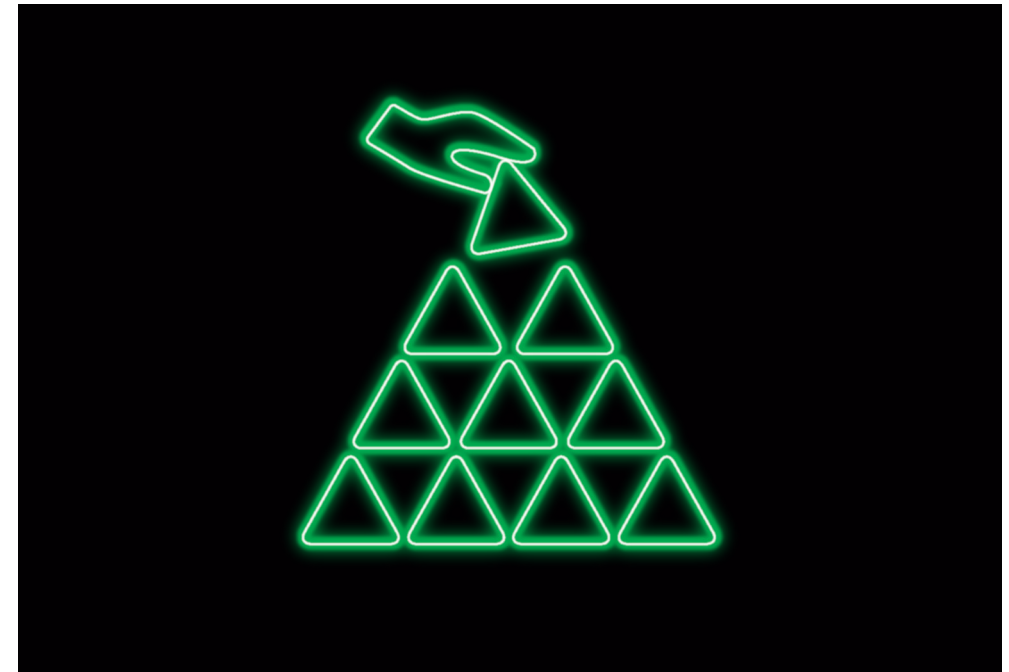
HR needs to break free from traditional operating models and embrace its new role as a key business partner and trusted advisor

Break down silos within HR and beyond: reshape roles and responsibilities to allow HR to own, orchestrate, and deliver end-to-end standardized processes, workforce services, and programs.

Embed HR in the business: make HR a strategic partner that uses data-driven insights and specialized capabilities to advise leaders with confidence, to anticipate future challenges and opportunities, and to discover and implement new ways of working to achieve better outcomes.

Measure impact beyond activities, costs and efficiency: HR should leverage a “fail fast, learn faster” mindset that challenges the status quo and identifies opportunities for continuous improvement. Leverage technology: This will empower HR, leaders, and workers alike by enabling greater connectivity, efficiency, and data-driven insights.

Embrace the full digital ecosystem: use AI to engage the workforce with personalized interactions, at scale, across multiple channels—anytime, anywhere.



Human capital is the foundation for cannabis companies' success

Successfully tackling the challenge of how to make the most of human capital isn't easy at the best of times, much less during a period of incredible volatility and uncertainty. But there are paths forward that can create the conditions for success for businesses and enable them to capitalize on whatever lies ahead. Cannabis companies that invest in becoming more adaptable, create a value-driven talent strategy, and reimagine their HR function stand to skillfully navigate future challenges and thrive in the years to come.

Cannabis companies must invest in becoming more adaptable, create a value-driven talent strategy, and reimagine their HR function

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Designed and produced by the Deloitte Design Studio, Canada. 20-6551T