

9 Talks to Have Now to Avoid a Business Breakup Later

9 Talks to Have Now to Avoid a Cannabis Business Breakup Later

Launching a cannabis business with a partner can feel like being part of a revolution. The energy is high, the opportunity is massive, and the shared mission is often deeply personal. But the cannabis industry is also uniquely complex—tightly regulated, constantly shifting, and emotionally charged. That makes having the *right* conversations with your co-founder or partner not just important, but essential.

Business breakups are especially risky in the cannabis space. Why? Because licenses, compliance, branding, and equity are often tied to individuals. If a partnership fails, the fallout can be devastating—not just financially, but legally.

Here are **9 conversations every cannabis business partnership must have** now to avoid costly, painful breakups later.

1. Roles and Responsibilities

In cannabis, roles can get murky fast. Is one person the cultivation guru while the other handles compliance? Who's interfacing with regulators? Who's managing investor relations?

- Who oversees licensing, inventory tracking, POS compliance, and HR?
- How will you divide operational vs. strategic responsibilities?
- Who's on point for communicating with legal and regulatory bodies?

Cannabis is high-touch. Make sure no one is “just the visionary” unless someone else is truly handling the grind.

2. Equity and Compensation

Cannabis startups often involve early sweat equity, deferred salaries, and outside capital—all fertile ground for resentment.

- Will equity be split evenly or based on capital, IP, or expertise?
- Will either of you draw a salary right away?
- How do you handle compensation if the business takes longer than expected to turn a profit?

Include vesting terms tied to ongoing contribution—especially critical in a space where licenses can be lost over ownership disputes.

3. Vision and Values

One partner might want to build a legacy cannabis brand, the other to sell quickly to a multi-state operator (MSO). That gap can destroy a business.

- Are you aiming for long-term ownership or fast growth and exit?
- Do you see the company as plant-touching, vertically integrated, or ancillary?
- What's your stance on social equity, sustainability, and community impact?

In cannabis, values aren't fluff—they often shape your brand, licensing status, and public perception.

4. Conflict and Decision-Making

Regulatory compliance, zoning changes, and supply shortages can cause high-stakes tension. Without a conflict strategy, small arguments can explode.

- Who makes final calls on big strategic decisions?
- What happens if one of you wants to expand and the other doesn't?
- Do you have a neutral advisor or board for tie-breakers?

Consider a decision matrix that outlines who controls what—and a mediation clause in your partnership agreement.

5. Exit Strategy

Selling or leaving a cannabis business isn't like a tech startup—ownership transfers often require state approval.

- What happens if one partner wants out?
- Can you sell your shares freely, or must the other buy you out?
- How will valuation be determined in such a highly regulated space?

Cannabis laws may prohibit certain ownership changes without disclosure or vetting. Plan this well in advance.

6. Workload and Work-Life Balance

Cannabis is 24/7. Crop schedules, dispensary hours, compliance filings—it's easy for one partner to burn out or feel overburdened.

- How many hours per week are expected of each partner?
- Are you both "all in," or is one partner managing another business or job?
- What happens during family emergencies, burnout, or extended time off?

Outline how you'll adjust roles during busy seasons like harvest or 4/20.

7. Risk Tolerance and Financial Strategy

Some cannabis businesses operate on razor-thin margins, and partners can differ drastically on whether to push growth or play it safe.

- Will you take on debt or only use reinvested profits?
- Are you open to equity investors, and under what terms?

- What are your thresholds for spending—on real estate, equipment, staff?

Set dollar thresholds that require joint approval—especially when dealing with major capital expenditures or leases.

8. Communication Style and Preferences

Fast-moving regulations, shifting supply chains, and ongoing compliance require constant communication. How you talk—and how often—matters.

- Do you prefer daily check-ins or weekly strategy meetings?
- How do you handle disagreement—head-on or with space?
- How will you give and receive constructive feedback?

Make space for emotional check-ins. Cannabis work is intense, and pressure can cause partners to shut down.

9. Contingency and Crisis Planning

A compliance violation, partner illness, or police raid can derail your entire operation overnight.

- What happens if one of you is arrested, incapacitated, or accused of wrongdoing?
- Who takes over if a partner disappears?
- Is all documentation accessible to both parties—licenses, SOPs, passwords, vendor contacts?
Have a shared secure folder, a crisis protocol, and key-person insurance.

The cannabis industry isn't just another sector—it's fast-changing, stigmatized, and often under legal scrutiny. All of this makes strong partnerships more important *and* more fragile.

So, don't rely on good vibes and verbal promises. If you're starting—or scaling—a cannabis business with a partner, these nine conversations are your foundation for sustainability, trust, and growth.

It may feel uncomfortable to raise these topics, but they could be the very thing that saves your business from breaking apart. Better to have one tough conversation now than 100 painful ones later.

Bonus: Make It Legal

Consider drafting a formal Operating Agreement or Partnership Agreement that reflects the outcomes of these conversations. In cannabis, formal documentation isn't just best practice—it's often required for licensure and investor trust.

Need Help?

Talk to [Cannabis Risk Manager](#), compliance advisor, or mediator with experience in partnership dynamics and cannabis-specific regulations.

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