



Strangford Consulting

Supply Chain Specialists

About Us

Formed in 2011 in the UK by Alan Cooke , Strangford has delivered business turnaround and improvement projects across multiple geographies and industries. In 2012 the business relocated to North America, retaining business partnerships in Europe, and by extension the Middle East and North Africa, as well as forging new relationships in the USA and Canada.

As tactical, highly strategic professionals with a track record in building, growing, and leading best-in-class supply chain operations, we are focused on identifying and capitalizing on process improvements impacting cost, quality, and time.

Recognised as respected leaders of high-performing teams and entrusted by C-level management to achieve unprecedented operational results, we a focus on delivering industry leading solutions to improve productivity, quality and efficiencies whilst reducing cost structures and building sustainable long-term platforms for our clients.

Over the last 11 years we have applied our expertise in multiple sectors and industries, expanding from purely supply chain focus into manufacturing and business development. Covering all faucets of the operational chain including structure optimization, process review optimization, supplier identification, innovative technology design through to business structure rationalization we deliver sustainable solutions.

Cannabis Industry Stats- A growing industry in more ways than one

- Since Cannabis was legalized in Canada on October 18th 2018 it has been a significant contributor to Canada's economy.
 - \$11 Billion in sales over that period , sustaining over 90,000 jobs
 - Over \$29B has been spent on capital projects
 - \$43.5 Billion contribution to Federal GDP & \$13.3 Billion in Ontario
 - 2021 – annual sales of \$5 Billion
 - 2026 – estimated sales of \$8.5 Billion
- Global Sales
 - 2021 \$29 Billion
 - 2022 \$35 Billion
 - 2026 \$61 Billion

Some of the key challenges since 2020

- **Staffing**

- As with almost every sector the cannabis industry had significant challenges sourcing and retaining talent during the peaks in covid
- Turnover was in the double digit % range for a prolonged period
- CERB contributed to lack of applicants and also encouraged others to leave jobs
- This had an impact on hourly rates needed to attract employees , driving up operational costs and impacting margins

- **Raw material sourcing**

- Most cannabis companies are sourcing hardware from China and the prolonged lockdowns impacted availability significantly
- Add the more recent power supply issues that cause rolling lockdowns, and the problem remains in flux
- More recent lockdowns and supply issues has caused continued issues with one prominent cannabis company to attribute the loss of 5% market share to these delays
- Some material prices have doubled with leadtimes extending from several weeks in several months.

Some of the key challenges since 2020

- Freight costs / capacity – This area had one of the biggest impacts as costs spiraled as capacity diminished.
 - Air freight costs quadrupled, capacity became king over price and service.
 - Sea freight costs soared , again capacity was a challenge as many companies were forced onto the oceans.
 - The well documented issues with labour at ports caused additional delays, costs and displaced thousands of empty containers and boats worldwide
- Lack of support during Covid – from illegal to essential then forgotten
 - During covid cannabis and all associated activities were classed as essential , 4 years on from being a prohibited substance
 - Despite this cannabis companies were excluded from the majority of financial support packages – recall the GDP contributions earlier and you'll understand why as an industry we felt sore

What does this mean for Cannabis moving forward?

- The need to shift from distant supply chains has begun, but this is a long process with some of the infrastructure to complete this several years away
- The need to remodel planning from just in time to a more conservative approach whilst the supply chains begin to find the new normal
- This impacts inventory on hand levels, thus impacting cash flow and cash on hand.
- All this during a time of deep price compression from consumers and consolidation in the market.
- Turbulent times , but the new normal is shaping and the old world mis sailing into the distance.

Questions