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Proleve focuses on Quality as the Path to Sustained Growth



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“Quality is our most important focus, and we know success will follow that commitment.”- Jonathan Solomon

CEOCFO: Mr. Solomon, what is the focus for Proleve Distribution?

Mr. Solomon: Proleve is a Florida based CBD manufacturer. Everything we do is made with US-grown CBD, all natural. Our products are vegan, and gluten-free. We just hold our products to a high standard. Everything is certified and lab tested. We are one of the first registered facilities in the State of Florida with new guidelines that went into effect January 1, 2020.

CEOCFO: Would you tell us about CBD in terms of quality?

Mr. Solomon: We have been in this business for about two years now and it is drastically changing every day. Many times customers are just going to their local store and buying whatever is on the shelf and they are relying on that store to have done their due-diligence but there is not that much information out there to help these retailers find the right product and now what to look for. The big thing to look for is whether it is third-party lab tested.

You would want to know how much THC is in the product and how much CBD is in the product. If we say there is 1000 milligrams in the bottle, there better be 1000 milligrams in that bottle. THC is the chemical in the marijuana plant that produces a high. To comply with federal law, CBD has to be under 0.3%, so it is very important that standard is adhered to, otherwise the consequences could be severe. For example, if a CBD consumer used a product that had a higher level of THC than is legally allowed, they might fail a work-related drug test, and that could be devastating.

After that, you want to know where the CBD is grown; our CBD comes from US-grown hemp plants, where we believe the quality control is higher. Organic consumers want to be assured plants haven't been growing in soils where heavy metals and unregulated pesticides may have been used. Unfortunately there is no USDA or organic seal of

approval just yet. So, we are very hopeful that in the near future it will become a thing. FDA approval is another big milestone that we are hoping for to establish in the future. The big things are US-grown, seeing a lab test, and seeing what is in the product, and no additives or fillers.

CEO CFO: Are customers becoming more demanding or is it still that more and more new people are jumping in and they do not know what to consider?

Mr. Solomon: I think consumers are becoming more and more educated now than they were even a year ago when the law for the farm bill passed; it really dictates what we do and how CBD companies operate. Unfortunately, there are a lot of people that are buying and getting turned off because they are buying the wrong product or they are not sure what they should be taking.

The thing I see time and time again is that people say they bought on Amazon and it did not really work. Well unfortunately those are not CBD products but they say they are hemp and people get confused. Sometimes people say their friend bought 500 milligrams and that is not what they really needed. We find a lot of times people will try something out of recommendation from a friend or they bought it somewhere, but they did not know what it was, or the store did not know what it was, and they get instantly turned off. More people are getting educated but unfortunately more people are being duped by something and they are afraid to give it another try.

CEO CFO: All your hemp products are made in the US. How do you verify the quality of a grower both initially and as you continually work with them?

Mr. Solomon: We try to stick to the same farms on a recurrent basis, so we know exactly where it is coming from. You can have a great grower but things can happen, so after the product is harvested they will lab test it and when we get it into its final form of being a powder or oil which are the two major things we use, then we will send it also for a lab test to confirm CBD levels, THC, pesticides, everything.

What is most important for us to check on a recurring basis, aside from the pesticides and the heavy metals is that we have THC at compliant levels in potency. If it is above 0.3 percent THC level, we cannot use it or it has to be remediated to bring it down to a lower level. More importantly we need to know how much CBD is in that oil or powder because when we make a new product, if we are off by even a few percentage points on what that powder or oil could be, then that formula is off, it is just like baking a cake.

CEO CFO: Who is turning to you for products?

Mr. Solomon: We have three major groups that come to us for products. We have the end consumer for our Proleve brand who are buying from our physical stores in Florida and throughout the world online. Then we have our wholesalers, people who see the value in the Proleve brand in the stores, doctor offices, and a range of different places. After that we have people that want a private label and brand but they do not have a manufacturing capability but they do have clientele and the network to really push and make a brand a huge success. They will come to us and we will make their product for them.

CEO CFO: What is involved in the manufacturing process?

Mr. Solomon: We will get the product from the grower in two forms, one is an oil and one is a powder. Powder is usually isolate. CBD comes usually in three forms; it comes in full spectrum which is the entire plant, so there will be a full profile but it will also have THC in it, usually around 0.3% or under. Then you have Isolate, which is just a single CBD component that comes in a powder form but it is also THC-free and it is the purest form and usually that is the easiest to mix things with. In the middle of the two is broad-spectrum, which is the mix between both. It is a similar profile to full-spectrum but with no THC, or sometimes we will sell a very low T-free form of it.

We will get it in broad-spectrum or full-spectrum oil or an isolate. From there we will then mix it in with whatever the product requires. For our tinctures, which is one of our top sellers, we will take pure MCT oil and then just emulsify them together. We have ice cream and we will take the powder form, put it into an oil and put it into the ice cream. Every product is different, but we will take those two forms, create it. From there it is a question of how it is labeled as a brand and shipped out.

CEO CFO: Do you have to maintain much inventory?

Mr. Solomon: We do but we are actually in a lucky business where we will sit with inventory and they will move within a couple of days so our inventory turns over rapidly. The only thing that we do sit with more is if we do have a private label customer who wants a unique product and we know it is being sold on a recurrent basis but it is the one-off thing that we do not typically sell, we will make that and stock it and we might sit for a couple weeks or a month tops. We are able to predict demand quite well, but if something unusual comes up we can respond in a matter of days.

CEO CFO: How do you help someone decide which product is right for them?

Mr. Solomon: Consumer education is very important. We give a small manual out to our stores to explain what the products are and what people use them for, but we usually start by asking what the customer is interested in and if they have had any experience with CBD. Then we can discuss whether a topical salve or lotion might be appropriate or whether an edible product like a pill, oil or gummy would be more appropriate. Because the FDA has not finished studying CBD, we have to be careful not to make health claims that are not allowed.

We always have a starting dosage which we recommend and then people can increase or reduce that according to their own preference. For example, a tincture we always say a good starting point is 1000 milligrams. Every person is different, and it's an easy product to adjust according to your individual preferences.

CEO CFO: How important is packaging?

Mr. Solomon: Packaging and design is your whole identity. I can only say so much but when I leave that package, that design is what represents me and my company. Gummies are a great example. Some customers will give sample mylar bags with a little sticker on it out at trade shows. At the trade shows you can only pitch that product so much, but when you leave that brand and package represents you. We

always recommend our private label clients go a little above and beyond with a fully branded printed bag. It helps.

CEOCFO: How are you reaching out to your various constituents, partners, distributors, customers, representatives? What is your business plan?

Mr. Solomon: We do trade shows all across the country and the world. We are in forums. We are lucky, we got into this business two years ago so we have a lot of people that will refer us to friends and that is pretty uncommon. I have been in product development for ten plus years and I probably would not have shared who makes my product with another competitor but in this business, people are always saying that "Jon makes their gummies, so you should speak to his company." It is a lot of word-of-mouth, tradeshow, forums, print media and interviews like this. It spreads like wildfire.

CEOCFO: What might people misunderstand about Proleve; what should people be asking you that they do not even know is important?

Mr. Solomon: I think the big problem now is the confusion between CBD and marijuana, and the assumption that CBD will get you high, which of course is not true. I go to tradeshow now where they will have an introductory course on what CBD is and the speaker will come out in a tie-dyed shirt. That is definitely not the image we as an industry should be going for. I had a close person to me, in an executive board meeting, pull me aside and say "Hey you are in that CBD thing? Do you know about that? I would like to see if it can help with my anxiety, but I do not want to get high." Well you are not going to get high. That is not just for Proleve but for every CBD brand. For Proleve and other big brands, the other problem we are running into is how to know which brand to trust. Unfortunately, everyone sells basically the same product, it is just the question of how it is pitched. Some people are even faking important information and that is unfortunate, because it damages the credibility of the entire industry.

CEOCFO: What do you see a year down the road for Proleve?

Mr. Solomon: If I had a crystal ball, I would be a billionaire. I am not sure, but I think our next big hurdle is going to be the FDA. If I could predict something, I would say within the next year we are going to be looking at how to cooperate with the FDA, not just Proleve but every other CBD company. We have a plan and every year we change our plan. I look at every year as a brand-new year for Proleve. The first year we started, it was the wild, wild, west and then the Farm Bill passed, which formally recognized hemp as crop. So we changed our model a little bit. Now CBD is widely used but we switched our model to private label in 2020, so for 2021 we are going to prepare ourselves to adapt and to stay nimble.

What we have said about Proleve, we planned on franchising and doing all these big things and now we have changed our model that we do great things all across the country and even across the world and we have a lot of private customers all around. We want to focus on our backyard and be the best in Florida. We are going to open a few more stores and be the best in the Tampa Bay region with our stores, and focus on that because the further out we get geographically, the more

complexity we have to deal with. So we are going to solidify our base first and make sure we are the best in Tampa Bay and in Florida.

CEOCFO: With so many companies to choose from in your industry, why Proleve?

Mr. Solomon: At Proleve, we stand for the highest quality product. Everything we do is US-grown, pure and clean ingredients, vegan, natural, and one of the lowest prices you are going to find. Quality is our most important focus, and we know success will follow that commitment.