



Kevin Kue  
Chief Cultivation Of

# LUME'S RAPID RISE

**How Lume Cannabis Co.** has flourished—growing from \$2 million to nearly \$200 million in revenue in four years—amid Michigan's plunging retail prices and other challenges.

**BY JOLENE HANSEN**

PHOTOS BY BRYAN ESLER

Anyone following the cannabis industry's ups and downs has Michigan on their radar. Since adult-use sales launched in December 2019, the state climbed to No. 2 in sales nationally, eclipsing \$3 billion in 2023. But—and this is a big but—the state endured unprecedented price compression. As *Cannabis Business Times* reported in December 2023, Michigan's average adult-use retail flower prices plunged 78% in four years. However, there are bright spots that exist here. In just four years, vertically integrated Lume Cannabis Co. grew sales from \$2 million to closing in on \$200 million, thanks to investments in technology and automation that cut production costs by 50%, and an engaged and experienced team. With a solid foundation in the Midwest, the company is planning to expand to the Sunshine State.

### A VISION BUILT TO LAST

You won't hear grumbling about Michigan's challenges from Lume Chief Cultivation Officer Kevin Kuethe. Instead, you'll hear optimism and confidence from a seasoned cannabis industry veteran (and 2021 *CBT* Cannabis Leadership Awards winner) whose cannabis industry experience spans a range of responsibilities and perspectives.

His cannabis career dates back to 2010, when he left Montana for Arizona as its medical market launched. As one of three co-founders and chief operating officer, he helped Bloom quickly become one of Arizona's highest-grossing cannabis companies. From there, he moved on to newer markets—including Colorado, Oregon and California—before landing in Las Vegas as chief operating officer of Gb Sciences.

Kuethe joined the Lume team in late 2017, before the company technically existed. "It was still an idea. But we

had a vision of what we wanted it to be," he recalls. That vision was to build something of ultra-high quality that would last. He acknowledges that funding challenges often make such dreams difficult. But Lume was different. Initial capital came from the original founders and a network of friends, but the company has funded recent capital expenditures with revenue from ongoing operations. Now it's "marijuana's best-kept secret," he says.

"The main attraction for me was that I believed that we could do that here. We had good partners and good funding. We had a vision, and everybody was on the same page," he says. "And I'll tell you what, nothing stopped. Nobody ever went back on what they said, and we were able to create and build our first cultivation facility here."

Lume Chief Operating Officer and President Doug Hellyar came on board in early 2019, after working more than a decade with Lume founder and CEO, lacrosse legend Dave Morrow of Warrior Sports fame.

"It was a pretty simple call for Dave and I to make the switch over [to cannabis] because we saw this huge market potential," says Hellyar, who had multiple leadership positions at Warrior. While the entrepreneurial duo didn't anticipate all the challenges, the appeal of building something from scratch was irresistible. They set out to make Lume Michigan's leading brand.

Hellyar says vertical integration and the team have been crucial to growth: "To grow from \$2 million in revenues in 2019 to approaching \$200 million in 2023 is rapid growth. We would not have been able to do that unless we controlled our own destiny in terms of our operations and our retail scale-up ... and we put together an incredible team."

### LESSONS FROM GROW ROOM 10

Today, Kuethe sits in Lume's 2020-2021 expansion in Evart, Mich. (population 1,700). The 250,000-square-foot indoor facility houses 60,000 square feet of flowering canopy, two labs for solventless and hydrocarbon extraction, a 3,000-square-foot walk-in freezer, a fully automated gummy line pumping out 10,000 units an hour, an in-house tissue culture lab complete with internal qPCR (quantitative polymerase chain reaction) and HPLC (high performance liquid chromatography), and more.

About a year into the original facility, Kuethe started working with an engineer who had worked with U.S. automakers and whose expertise surpassed others he's known. For Kuethe, who's been part of the design, build and operations on 16 commercial grows, the year-long collaboration pushed the pair to new levels of performance, efficiency and technology.

"We designed a cultivation room we thought could outperform everything else and also cost us a lot less to operate it," he says. They sold the partners on the technology and built "an incubator"—aptly christened Grow Room 10—off the original nine-grow-room facility.

Grow Room 10's first yield set company records—82 grams per square foot. Then it got better—102 grams per square foot. Realizing it was something special, they got a process patent on the mechanical infrastructure and environmental control technology. After four or five harvests, the partners approved the expansion.

The expanded facility was built around the newly discovered technology. "It's been amazing here," Kuethe shares. "We have just been on such a tear with our harvest. We've had about 330 harvests so far, and we've never had a failed harvest. We never lost a room."

Lume also has robust in-house tissue culture and breeding programs. The indoor facility typically runs 150 genetics in tissue culture and flowers 20 to 30 at any given point. While many people think high-quality, high-testing cultivars equate to lower yields, it's the opposite at Lume, says Kuethe.

"Our highest-testing strains are also our highest yielding strains," Kuethe says, noting one tested over 50% total cannabinoids. "It's almost like growing a concentrate. It's

IN JUST  
FOUR  
YEARS, THE  
COMPANY  
GREW  
SALES  
FROM \$2  
MILLION  
TO  
NEARLY  
\$200  
MILLION.



Clockwise from left: Lume Cannabis Co. typically runs 150 genetics in tissue culture at any given time; the company grows in tiers at its indoor facility in Ewart, Mich.; Lume's Extraction Manager Sviatoslav "Stan" Gourentchik in the hydrocarbon lab; the team bucks freshly dried flower.



# LIVE. LOVE. LUME. IT'S A MOTTO WE HAVE THAT REFLECTS OUR COMPANY'S ETHOS.

- KEVIN KUETHE (SEE PHOTO ON PAGE 32)



Lume has 1,000 employees across its cultivation and retail operations in Michigan, including 300 people at the Evert facility, some of whom are pictured here.

outrageous. It's also one of our highest yields." Giving a shoutout to Scott Reach of Rare Dankness's Jenny Kush, he urges growers not to settle when it comes to genetics: "Continue to hunt until you have the absolute winners that are high testers and high yielders. They exist."

## AUTOMATION ADVANTAGE

A key factor in Lume's success is its attitude toward automation. Related savings and advantages have been integral to staying solvent during Michigan's wild price ride. But reducing operating costs was Lume's goal since day one—not a reaction—enabling the company to "bob and weave with the market" and come out on top, Kuethe says.

With 14 years in operations, Kuethe says he's always known you have to be a low-cost producer, and that's impossible without facilities to support it. When Lume's expansion was designed, the market had yet to make its downturn. But when adult-use retail prices started crashing—from more than \$400 an ounce in 2020 down to \$92 in 2023, as he points out—Lume didn't rest on its infrastructure laurels.

Instead, the team sought automation for everything that

aligned with consistent high quality. "When you're in the face of a declining market like that, you have to be able to automate things to lower your cost to produce. For us, it was essential at our volume and scale to be able to get automation that worked with our infrastructure," Kuethe says. He describes the result as "a stunning showcase of a premier grow and quality and consistency in automation" with minimum human intervention that allowed Lume to continue to compete.

"Automatically over the course of the grow cycle, light intensity and spectrum will change, irrigation recipes and volumes will change, temperature and humidity will change," Kuethe says. "The rooms are even capable of monitoring and adapting the set points based on how the room is performing."

Automation continues in post-harvest processing, where there are machines for trimming and grinding, vape cartridge filling, gummy manufacturing and packaging, pre-roll manufacturing and infusion, and printing and labeling.

Kuethe adds that willingness to invest in infrastructure to deliver higher quality products sets Lume apart: "We'll pay the money to have something that will help us in the long run for quality and consistency every single time. There will never be an argument."

# ON THE WALL D SPIRIT.”

## What's the biggest challenge in launching or maintaining a cannabis business?

“There are so many challenges! I think one of the biggest challenges is dealing with the consistent rule changes. There's a rule change every day and a half or something in the cannabis industry. So, staying on top of that, making sure that you are being efficient and following the rules, and also translating that to your employees because it takes new training and comprehension every time something like that happens.

“I always say if you can operate successfully in the cannabis industry, you could probably run any business because there are more regulatory changes and operational changes that happen than any other industry. And it's consistent because they're still learning as we go.”

## What's something that would surprise most people about running a cannabis business?

“How difficult it is. I think a lot of people think ‘Oh, it's a marijuana grow. Those guys are probably hanging out walking around inside in board shorts and flip-flops and smoking doobies.’ It's not like that. It's not like that whatsoever. It's like a hospital, mixed with a surgery center and a science lab. And, for the regulatory side and the cash side, it's almost like a casino. To be able to function and operate, you have to be on point at all times. And the larger your company is, the more difficult that can be because all of that stuff has to be translated to the employees as well.”

## What keeps you up at night?

“Nothing anymore. I have my second in charge, my right-hand man. His name is Marlon Mallas. He worked for me in Las Vegas as well, and he was my general manager there. He's now my general manager here, so we've worked together for years now. He is as sharp as they come and as reliable as they come. So, I sleep well at night having him by my side and helping me to operate and run these facilities. And I'd be lying if I didn't say the rest of the team as well.

“We have such a quality team here that's dependable. We've been through so many scenarios already. When something bad happens and they're able to solve

it in the same way that you would have solved it, that's priceless. And to be able to sleep at night, I know that any major issue that's going on, it will be handled, and it'll be okay. So, I think having the right team helps you avoid sleepless nights.”

## I think you just answered this one: What helps you sleep at night?

“That's it!”

## Any advice for others considering a cannabis business?

“I think your team is everything. I look at my partners here at Lume and the guys

that I started out with here, and I wouldn't have done it if they weren't here. So, surrounding yourself with able people that have experience. Proven experience, not just people that say, ‘Oh, I can do that. We're going to do this. It'll be huge. It'll be great.’ But people that actually have proven experience in this industry or other industries and know business.

“I think the industry has developed enough to require a standard of high-quality business practices—professionalism, kindness, consistency—to be able to be successful. I think that really is the most important thing, to me.”



## FAST TAKE WITH KEVIN KUETHE

CHIEF  
CULTIVATION  
OFFICER



With automation added to infrastructure and state-of-the-art technology that enabled Lume to double yields, Kuethe says Lume's production costs have dropped "well over" 50%. Hellyar adds that automation is essential to production at Lume's scale, and they've just touched the surface.

Now the focus is improving what's there, like a move from hand packaging ounces to an automated bagging system. From 40 pounds per eight-hour shift, they now do 300 pounds per shift—with two people instead of eight.

### OUTDOOR? IN MICHIGAN?

Indoor expansion isn't the only thing fueling Lume's growth. Colorado hemp experience bolstered Kuethe's confidence in Michigan's outdoor cultivation potential. The first outdoor test run three years ago was 20 acres, aiming for oil.

The team discovered, to their surprise, the outdoor "extraction" crop produced some high-quality smokeable flower as well. Confidence grew and so did the grow. Hellyar says, "We had a very strong first year, and we've continued to build on that. It's a very, very large component of our growth strategy now." Dramatically lower outdoor production costs and Lume's ability to control its own destiny have been crucial to outdoor gains.

Top: While Lume has automated much of its trimming, they still hand-trim premium flower. Bottom: Lume's automated edibles production

"There's really an insatiable demand for outdoor-cultivated flower that passes the compliance tests mandated by the state of Michigan," Hellyar says. "It's really hard to pass the [microbial] test with outdoor smokeable flower. We've been able to do it each year in larger and larger quantities." Lume markets the in-demand product as "Lume SunK-issed—farm-to-rolling-table flower from the Northern Michigan sun."

In 2023, the outdoor grow had 36,000 plants for 70 acres of canopy. For 2024, the outdoor canopy is being bumped to 120 acres. The site is also home to a fully automated hybrid indoor-greenhouse, 16 hoop house tunnels and as much automation as possible for an outdoor farm of this scale. Planting, harvesting, drying, trimming, packaging—it's all automated.

"I haven't seen an outdoor farm with as much automation as we've employed there. But with such large scale, you have to invest in the automation infrastructure to be able to have acceptable costs," Kuethe says.

"One of my strengths has always been being able to compete commercially in cannabis on a quality and consistency level, but also just as importantly on a cost-to-produce level. The outdoor farm

obviously achieved several of those things. By not having to pay for lighting and environmental controls, you save on the infrastructure requirements necessary to grow indoors," he adds.

Lume's total 2023 indoor and outdoor production hovered around 100,000 pounds. Kuethe estimates they'll hit 150,000 pounds with 2024's outdoor expansion. But that still falls short of the quantities needed to supply Lume's flourishing retail arm.

Along with "Lume Cultivated" cannabis, the stores offer "Lume Curated" cannabis sourced from a select, carefully vetted cultivator network from throughout Michigan. Hellyar puts the current breakdown at about 45% Lume-grown and 55% from "the best and brightest, most passionate growers of excellent quality curated flower."

### RETAIL AND EMPLOYEE SUPPORT

Lume's origin plans called for retail in every Michigan town that opted-in for cannabis. That turned out to be far fewer than expected, Hellyar says. (Seventy-three percent of the state's municipalities have opted out of allowing adult-use sales, according to ClickOnDetroit.com, the city's NBC affiliate.) Plus, requirements and restrictions in towns that did opt-in further hampered plans. Even so, Lume has 38 retail stores across Michigan—including six launched in 2023's tough market.

"The No. 1 plan for this year is to optimize the footprint that we have within Michigan, the 38 locations. No. 2, we have a few



**Clockwise from top left:**  
Lume has automated filling vape cartridges; Grow Manager James Holthaus examines plants in flower; a team performs quality checks on gummies; Lume's flower accounts for about 45% of what it sells at its 38 stores, the rest comes from partner vendors.





additional stores that are in the planning process right now,” Hellyar says. “And No. 3, we are looking for any type of acquisition that we can make—a retailer that has an excellent location where perhaps they’ve decided after five years in the cannabis market, it’s not for them. We’re looking for those types of opportunities.”

With 1,000 total employees, Lume’s workforce could constitute a town. The Evert facility’s 300 employees include tissue culture lab techs; dedicated propagation, vegetative and grow teams; harvest crews; trimmers; packagers; facility maintenance; back office and janitorial teams.

At a time when agriculture and horticulture businesses struggle to find labor, Lume hasn’t. Kuethe credits the work environment. “People want to work here,” he says. “We embrace the culture.”

Lume employees get two free things 24/7: coffee and ice cream. There’s also a 5-foot disco ball in the packaging room, with an on-off switch wired to Kuethe’s office. Add in events, parties, catering and the occasional massage therapist for on-the-job massages. “We try to keep it light and fun. Cannabis is supposed to be that way,” Kuethe adds.

Kuethe notes that Lume is one of the largest private cannabis companies in the country, and possibly the world, with an exec team that goes above and beyond for employees. “The volume of product that we move, we were able to stay private and keep the quality high in all these things. Without your employees, there’s nothing there,” he says.

Lume employees get full medical, dental, vision and pet insurance, plus incentive pay—and product samples. When employees had bank accounts closed and loans threatened because they worked in cannabis, one of the partners found a local credit union. Now Lume employees get preferred rates for home and vehicle loans, checking accounts and more.

“That all comes from people being passionate and trying to source things to help make the employees’ lives better. And at the end of the day, it just makes us better,” Kuethe says.

## MULTISTATE ASPIRATIONS

While continuing to dial in Michigan, the Lume team has eyes on Florida. The company has applied for a Florida medical license and invested heavily in the Sunshine State. Hellyar notes that Florida, with double Michigan’s population, offers the opportunity to capitalize on Lume’s strengths: growing cannabis and operating retail. “We’ve made a multimillion-dollar investment in operations, so we’re going to be good to go,” he says. But it looks like licensing is still months away, according to a presentation



**JOLENE HANSEN**

is a freelance writer specializing in the horticulture, cannabis and CEA industries. Reach her at [jolene@jolenehansen.com](mailto:jolene@jolenehansen.com).

from the state’s Office of Medical Marijuana Use Director, Christopher Kimball, who said in December he hoped the timeline for the new round of applicants would be within the next six months.

“We have a fully ready-to-operate indoor and greenhouse facility there ready to go,” Kuethe says. “One of the nuances of the Florida license is you have to get your cultivation authorization and start growing within 60 days of being awarded the li-



cense. You can’t just wait to get the license and then build something. You have to be ready to go. So we are.”

It will be Lume’s first move toward MSO status. “For us, it’s the perfect state to expand into,” Kuethe says. “That’ll make us a multi-state operator, but the regulation in Florida allows for vertically operated businesses to thrive. They don’t allow wholesale there, so you have to produce everything yourself. That’s our bread and butter. That’s what we’re good at. That’s what we do. So, the market and the model and the regulatory side fits perfectly with our company.”

In the meantime, Hellyar says Michigan’s importance remains: “The state of Michigan’s market is going to be over \$3 billion [for 2023], so we still have a small percentage. There’s a lot to be done here, and that’s really what the team is focused on.”

If Florida licensing comes through, the Lume team is confident they’ll replicate their success. “The Lume team has proven we can thrive in the most competitive marketplace. We can compete with anybody because we’ve done it in Michigan,” Hellyar says. “Everybody in the country that understands cannabis knows the price compression that happened in Michigan is unlike any other price decline in the country, and it continues to be the most competitive market. That is our strength.” \*

**Top:** Lume operates a tissue culture lab at its Evert facility.  
**Bottom:** Prerolls in Lume-branded packaging