



# RockyTalk

FOOD FOR THOUGHT. INFORMATION FOR BUSINESS.



## Much More than a Makeover

BY BRAD GJERMO, CHIEF EXECUTIVE OFFICER



We're in the early stages of the Belgrade retail store remodel. We've moved out of the existing retail space and into what used to be the heated warehouse. When the work in the rest of the building is completed, we'll move back in so this area can be remodeled as well.

It appears the project will be completed in July. While we had hoped to be done sooner, this is a project that will take us many years down the road, so we want to take the time to get it right.

Here are some of the things you can expect to see when the project is finished. First, I should note that this is a significant overhaul of not only the store itself but the entire site, including the gasoline and diesel fuel islands.

The retail shopping space within the store will almost double from approximately 5,500 square feet to roughly 10,500 square feet. The way this additional space is utilized will be influenced by how the Gallatin Valley and the city of Belgrade is changing and growing.

### RMSI Annual Meeting

Rocky Mountain Supply's 19th Annual Meeting will be held on Thursday evening, April 4, 2019 at the Holiday Inn in Bozeman, MT. The fiscal year 2019 financial report will be shared along with board and management reports and some employee recognitions. There are two director seats up for election as well. RMSI is enjoying another successful year so please make plans to come to hear about it.

Farm & Ranch will still have the largest single piece of the retail space, followed by clothing, boots & sporting goods and then the convenience store. Farmers and ranchers founded this cooperative and have depended on it to provide goods and services for their operations for our entire existence. It is critical that we continue to keep significant focus on serving this very important patron group.

The greatest increase in space, however, will be allocated to the clothing, boots and sporting goods department and the convenience store, due to the continued urbanization of the Gallatin Valley and city of Belgrade.

Continued on next page

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## Dedicated entrances

We will be reconfiguring the main entrance into the store, with two separate entrances with vestibules located on each side of the new counter/point of sale area inside the store—a very similar setup to our Dillon store.

We are also adding two additional entrances into the store. One will be located east of the main entrance on the south side of the store and will be considered our “Farm and Ranch” entry. Inside this entry, customers will find hardware, animal health products, pet foods, livestock feeds and other related items. There will also be a point of sale located inside the store at this entry point.

The other additional entry will be located on the west end of the store. A significant amount of our parking is located at the west end of the building, so this entry provides greater convenience for customers who utilize this parking area. Customers will enter the clothing, boot and sporting goods area entrance.

Lean-to structures will be added along the north side of the building, enabling us to get palletized products—twine, wood pellets, wood shavings, salt products, lawn and garden products, etc.—out of the elements and under roof. This will also help us better organize the products on pallet racking.

The drive-through warehouse will remain open and in its present location. We will be building a new structure to house the hay and straw we sell. It will be designed in such a way to make the handling of these baled products much easier and safer for our employees.

## Site upgrades

As I mentioned earlier, there will be a significant amount of site work done with this project, as well. We will be better organizing and defining the parking areas on the site and designating an area for truck and trailer parking.

Our fuel islands will also receive a major overhaul. To begin, the gasoline area will be completely dismantled and rebuilt in a linear fashion, meaning all of the dispensers will be aligned in one row in front of and parallel to the store itself. The linear arrangement will allow greater access for customers to all dispensing positions.

Diesel will no longer be available on our gasoline islands, reducing our eight current dispensers to six. To compensate, we will add separate auto and pickup diesel dispensers to our diesel island. We will also be adding non-ethanol premium to our gasoline island and offering it on a year-round basis.

There will also be a new canopy placed over the entire gasoline island area, which will improve lighting

tremendously. During this phase of the project, the gasoline island will be completely shut down. This phase is planned to take place during April 2019, and we expect it will take approximately 30 days to complete.

On the diesel island, we will add #1 clear diesel and Diesel Exhaust Fluid (DEF) to our product lineup. We will also be adding the capacity to dispense #2 dyed diesel at both a standard flow rate (8-10 gal. per minute), as well as a high-flow rate (20+ gal. per minute). This island will also receive a new canopy with improved lighting. Like the gasoline island, the diesel island will be shut down while this work is being done. This phase is scheduled for May 2019, and should talk about 30 days to complete.

As you can see, this is more than just a face-lift. This remodel involves significant changes that will increase our capacities and product offerings and, most importantly, raise our level of customer service. This store has received few upgrades since it was built in the early 1990s and has served RMSI and its patrons well. The remodel will be a significant step in keeping us relevant and taking us through the next 25 years. Your support through the years is what allows us to make this happen. We hope you will enjoy once it is complete and thank you for your patience and continued patronage while we work through the construction process. ♦



## Integration Creates Opportunity for Helle Ranch

Sheep ranching in Montana was born just a little north of Dillon—right where the Helle ranch operates today. “In 1869, John Bishop was living in a little wikiup right here, working freight and doing some trading,” John Helle relates. “He decided to go out to The Dalles in Oregon to buy some horses and wound up buying a band of sheep for \$2.75 a head. He drove them back 800 miles right to this place—the first sheep in Montana.”



The ranch is still all about sheep. John's grandparents leased the ranch and started raising sheep in 1935, and his parents bought the ranch in 1967. John's sons mark the fourth generation to enter the sheep ranching business. But to say the Helle operation isn't their grandfather's sheep ranch would be an understatement.

The Helles raise Rambouillet Merino, known worldwide for the quality of their wool. That fact launched the Helles on an entirely new adventure. "We always thought getting closer to the consumer was a better way to tell our story and market our product," John says. "Today, they want to know where their food comes from and where their clothing is made.

"About six years ago, Robert Bernthal, a brand developer with a lot of experience with Merino wool, called us," he continues. "He wanted to see if we could put together a clothing line in America with 100% U.S. wool. At the time, he didn't know that there was some really fine wool out there and that we were producing a good chunk of that wool."

John, an avid and accomplished skier, recalls the deal came together after several trips up the ski lift and down the hill together. Graham Stewart, a wool textile expert, and Jon Edwards, owner of the Schnees outdoor retail stores, also came on board and a new brand was born—Duckworth clothing, with the tagline *From Sheep to Shelf*<sup>™</sup>.

## Timeless rhythms

Sheep production on the Helle ranch follows the patterns familiar to sheep producers for decades—with some technical twists. "We bring the ewes in here in shifts from March through May for shearing and lambing," John explains. "Then they'll head up to summer pasture with the lambs." They'll spend the summer at 9,500 feet then, as fall approaches, they work their way back down to the valleys at 5,000 feet. After weaning the lambs off, the ewes will graze stubble and crop aftermath and do some grazing management through the winter.

"After weaning, we keep all the wethers here on the ranch," he continues. "We'll shear them from December through February, warm them up in our feedlot to 110-120 pounds, then ship them to Colorado. They'll put the last 30 pounds on them prior to slaughter."

All told, the Helles will shear between 8,000 and 10,000 sheep each year, and lamb about 4,000 ewes. Virtually all of their lambs are marketed through Mountain States Lamb Coop, a cooperative of 140 family ranchers in 15 states that John and his father helped form. The cooperative owns a lamb slaughter plant in Colorado and a fabricating company in New York.

## Integrating technology

Keeping close track of genetics and production records is critical to both the optimum production of meat and wool and maintaining the quality of the Helle's stud flock. "We sell between 100 and 120 of our own rams each year all over the West," John says. "It started as an FFA project in 1977 and has grown into a pretty good operation. Our customers are also a prime wool source for Duckworth, since we know the genetics for the super fine wool we need are there."

Consequently, you'll find the Helles closely tethered to their technology when they're working lambs. "Yesterday, we were docking purebred lambs," John relates. "We had two computers running. My son was on a handheld computer connected to a scale via Bluetooth<sup>®</sup>, reading EIDs and taking weights on lambs, and I had a Bluetooth EID reader connected to a computer, so I could determine whether I wanted to castrate it or keep it for breeding. The perfect sheep would raise two lambs and grow a 19 micron, 10-pound fleece with no defects."

Though the evolution of the Helles' businesses have been more organic than master planned, the overall goal has been the same since day one. "These are just other ways to vertically integrate, capture more value and bring family back to the ranch," John concludes. ◆



# People, Products Make the Difference

BY BILL BALLIET, RETAIL DIVISION MANAGER

When I have the opportunity to contribute to our newsletter, I like to focus on some of the people and products that make Rocky Mountain Supply stand out from the crowd. So, I'd like to introduce you to the individuals who head up the clothing departments at each of our three stores and tell you just a little about a great line of boots we carry.

I'll start with the boots. Dryshod® makes an entire line of rubber boots that not only keep your feet clean and

dry in the worst conditions, but also offer dramatically improved support, stability and comfort. Dryshod boots give you utility with wearability. In fact, Dryshod is the world's most wearable rubber boot. If you're looking for a great boot, stop into one of our stores and take a look at our Dryshod lineup.

If you do drop by to check out some boots or any of our other clothing items, I know you'll be well taken care of because of these three key team members. Here, in their own words,

is a little background on three of the employees that serve our customers so well.



## Desirae Bandy, Townsend Store

I am a Montana native, originally from Belgrade. My husband and I have two children and moved into the Townsend area about seven years ago to work on a local ranch.

I started working at Rocky Mountain Supply five years ago as a clerk and later moved into receiving inventory and bookkeeping. After working my way up, I have now been the head of the clothing and animal health departments for a year.

I've enjoyed being a part of the accomplishments we've achieved and improvements we've made at the Townsend location. This includes changing our clothing displays and bringing in the new products our customers look for. I enjoy engaging with our customers to find out what attire and merchandise is needed to fit almost everyone's working lifestyle.



## Danielle Uncles, Belgrade Store

I was born in California and moved to Montana with my mother and sisters at age 15. I am the proud mom of three children, Kyrsten, Jesse Jr. and Parker, and have been married to my husband, Jesse, for seven years. My family and I enjoy visiting the lake and camping during

the summer, and in the fall we enjoy hunting and preparing for sledding when the snow arrives.

I began my career with Rocky Mountain Supply as a cashier in 2017. Shortly after I moved to the retail sales floor as an assistant in the clothing department. I was drawn to that department because I have always had a love for fashion and working the sales floor would provide me the training needed so I could continue to grow in my career. In May of this past year, I was promoted to the clothing department head and am excited about helping customers with their clothing, boots and accessories needs.

Rocky Mountain Supply is a great workplace where I have made many friends, which makes it feel like a home away from home.



## Regan Wubben, Dillon Store

I grew up in Manhattan, Montana, and came to Dillon to finish out my schooling at the University of Montana Western. I graduated in May 2018 with a bachelor's degree in business administration.

After working at Rocky Mountain Supply for three years, I had the opportunity to manage the clothing department in the spring of 2018. I like being able to share my love of clothing and bring the newest western fashions to Dillon. In my free time, I enjoy rodeoing and planning for my upcoming wedding in August 2019! ◆



# Safety First, Last and Always

BY JASON RORABAUGH, ENERGY DIVISION MANAGER

In addition to my role as energy division manager, I head up the safety program here at Rocky Mountain Supply. I'd like to put on that hat for this article and talk a bit about what we're doing to create a culture of safety for employees and customers.

Some of the practices we've implemented in the past 12 to 18 months are more obvious than others. For example, you may have noticed many of our employees wearing high-visibility vests, particularly in the warehouse, around the yard and when unloading fuel.

Other changes are less noticeable. We've put together a safety committee with representatives from every area of the company. These front-line employees have a first-hand understanding of the hazards encountered daily. The committee reviews all safety incidents and makes preventative recommendations to management. They also work to proactively identify hazards before an incident occurs.



We also identify and reward employees who follow sound safety practices in their work. We've selected eight employees this year, who will be recognized at the annual meeting, and receive a new jacket and certificate.

Every month I send out a safety newsletter. A trivia quiz is attached, and employees who read the newsletter and return the quiz by the end of the month get their names tossed into a hat for a \$25 gift certificate drawing. Readership of the last issue was nearly 100%.

We contract with USI Safety Resources for an onsite safety inspection of every facility several times a year. They check for hazards, suggest improvements and perform annual hands-on training for employees, covering everything from slips and falls, to blood borne pathogens and driver training.



## Work environment

A special focus this year has been machine guarding in the agronomy realm—making sure all pulleys, belts and other mechanical hazards are properly protected. Fall protection has also been an emphasis. At the Dillon bulk plant—the only place we still top-load fuel trucks—we had a fabricator build a hanging cage to protect the driver as he loads.

We want our employees to go home each night in good shape, but we also want to ensure our customers are protected, as well. On that note, we've trained our employees at our three farm stores to inspect and requalify propane cylinders. Each cylinder has a 12-year life, and by law must be requalified at that point in order to be refilled. The inspection is free to our customers and will allow the cylinder to be refilled for at least another five years.

A safe working environment provides obvious benefits to both employees and customers. There is also a financial benefit worth considering. By working to improve our safety culture, we've also lowered our worker's compensation modification factor. That has a direct impact on our premiums, which in turn impacts our bottom line and profitability. When safety is a primary goal, everyone wins. ◆



# All the Seed You Need

BY RANDY CRAIG, AGRONOMY DIVISION MANAGER

Our goal at Rocky Mountain Supply is to be your trusted supplier of premier seed. In the tradition of seed leadership established by Townsend Seed, we continue to handle the finest seed lines well adapted to our area.

In this article, I'd like to focus on small grain and alfalfa seed. Here are a few of the top seed options you should consider for your farm or ranch.

Let's start with WB9590, a hard red spring wheat with outstanding yield potential. I'd recommend this one as a potential replacement for 9411. It features the same disease package without the bleaching issues and will perform well in either irrigated or dryland conditions.

WB9668 is still that top yielding hard red spring wheat variety that just performs well in a variety of conditions. It features excellent nitrogen utilization for protein development and strong standability.

If you have fields that would benefit from some strong weed control, WB9879CLP might be the answer. It's a Clearfield® variety with very good yield potential and excellent standability. It also features a solid stem for wheat stem sawfly management.

## Forages, too

Switching gears to forages and feed grains, I'd like to mention Stockford hay barley. It's a proven forage barley with excellent feed value and has a long track record of tremendous yields in our area.

Ajay oats is another proven performer. Resistant to lodging, it has excellent yield potential under irrigation and also works extremely well as a nurse crop.

HarvXtra® alfalfa is the first alfalfa engineered to maximize forage quality by reducing the amount of lignin in the plant. This gives growers the flexibility to produce higher-quality forage or delay harvest to maximize yield potential.

LegenDairy XHD alfalfa from CROPLAN combines the performance of a proven conventional variety with high yield potential and very high forage quality. It's well suited to our region.

Finally, I'd like to mention Maxi Graze® alfalfa. This is a really good rancher alfalfa that can take abuse and still provide a very respectable hay crop every year. It has a low-growing crown that can take the abuse of grazing or feeding on top of it. This alfalfa has excellent fall dormancy and winter hardiness.

Got questions? We're here to answer them. If you want to talk about these seeds or any of your seed needs, stop in or call Mick or Jessie at Townsend Seed, 406-266-4444. We look forward to visiting with you. ◆



# Board Adopts New Equity Retirement Plan

BY TERRY SWEENEY, CHIEF FINANCIAL OFFICER

One of the great benefits of cooperative membership is that the customers are also the owners of the company. As a result, when the cooperative does well in a given year, the owners receive a portion of the profits in the form of patronage. Patronage is distributed each year in the form of 30% cash (check) and 70% equity (or stock). This equity remains on the account under the account name and number. Stock retirements are one way to distribute that equity back to the customer.

At the 2018 RMS board meeting on Oct. 30 last year, the board of directors unanimously voted in a new plan regarding equity retirements. Effective immediately, and including this year's upcoming retirements, Rocky Mountain Supply will begin retiring stock based upon the year it was earned. This has been a topic of discussion for the last several years and has been brought up in the President's Notes at the last two RMS Annual Meetings.

So, what does this mean? RMS will begin retiring this equity the oldest stock on record (the 1965-1989 block) first. The equity retirement will apply to all accounts, whether they are

individual accounts established with a personal social security number or business and farm/ranch accounts established with a federal ID number (FEIN). Prior to this, only individual accounts set up with a social security number would qualify for a stock retirement dispersal. This new plan allows for non-discriminant equity revivement.

Is RMS discontinuing retiring equity for patrons when they turn age 70? No, but the schedule has been modified to accommodate the retirement by year in which the stock was earned. Those patrons who turn age 70 in 2018 (born in 1948 or earlier) will receive 50% of their equity in 2018 and receive the remaining 50% in 2019. Patrons who turn 71 in 2020 (born in 1949) will receive 50% of their equity in that calendar year and 50% in the next, and so on. Once the equity has been retired on an account, the current policy of the board of directors is to distribute any future patronage dividends earned as 100% cash.

The Board of Directors based this new plan on several factors. Given your cooperative's aging customer base, it was evident we would not

be able to maintain the same schedule of retiring stock to patrons by age. Last year, that stock retirement was \$497,000 and RMS is looking at upcoming years of \$600,000-plus for patrons who turn 70. This escalating payment schedule is not sustainable.

This dual system of equity retirements will allow the board to budget a specific dollar amount each year to distribute to the patrons. The board is also excited about the potential for more and more RMS customers to begin receiving two checks a year—a patronage dividend check and an equity retirement check. One of the primary goals of the Rocky Mountain Supply board of directors is to return more equity back to the customer-owners, all while remaining fiscally strong through sound planning.

The board will review the updates and determine the amount to retire on a year-by-year basis, dependent upon the performance of Rocky Mountain Supply. This year, we were also able to send out approximately 2,500 equity retirement checks in the amount of \$404,021.49 to our members. ◆





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*Our Mission: RMSI is an agriculture-based cooperative serving our customers with quality products and exceptional service.*

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## Scholarship Winners

Rocky Mountain Supply recently awarded four-\$1,000 scholarships to deserving college juniors. Here are the four recipients, the college they attend and their parents:



**Albert Koenig**  
(Montana State University) Shawn  
& Michelle Koenig, Belgrade, MT



**Ashley Koenig**  
(Montana State University) Shawn  
& Michelle Koenig, Belgrade, MT



**Tyler Rorabaugh**  
(Montana State University)  
Jason Rorabaugh, Belgrade, MT  
& Nikki Zelenka, Manhattan, MT



**Megan Martin**  
(Montana State University)  
Troy & Mary Martin, Twin Bridges, MT