



RockyTalk

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Planning Yields New Vision, Mission

BY BRAD GJERMO, CHIEF EXECUTIVE OFFICER



We've all heard the saying, "Those who fail to plan are planning to fail." It's attributed to Benjamin Franklin, and I believe it's truer today than when he said it. Recognizing the ever-increasing importance of planning, the board and management at Rocky Mountain Supply have implemented a strategic planning process over the past few years.

Each year, our leadership teams gets away together for two days and takes a high-level look at our business. We consider our markets, the economic environment and how that all impacts how we go to market and thrive. As part of the process, each division does a SWOT analysis—strengths, weaknesses, opportunities and threats. This contains a mix of factors we can control and forces beyond our influence that have the potential to impact our business.

We then outline some key priorities and objectives for each division that will help drive our success going forward. The goal is a plan that takes us out 3 to 5 years. Following our retreat, we have a day-long meeting with our board of directors. We share the thoughts, priorities and imperatives of our leadership team. They review our plan, provide their input, and together we arrive at an action plan for the coming year.

This year, in addition to our strategic plan, our team also established a mission, vision and values statement for Rocky Mountain Supply. We felt this was critically important. The mission represents who we are and how we intend to act every day. The vision defines what we strive to be and how we want to be viewed in the marketplace—something we may not reach, but will constantly strive to achieve.

Our mission, vision and values give us a standard by which to evaluate future plans. We have to ask, "Are these investments and projects we're considering actually in line with our mission, vision and values?" If they are, then we have a pretty good indication they will be right for Rocky Mountain Supply and for our members.

Some examples of planning session goals that have become a successful reality: Townsend Seed and Helena Fuel Supply. Another is the expansion of our boots-on-the-ground presence in agronomy, discussed further in Randy's article on page 5.

Acquisitions and improved service delivery are going to be a key part of our growth strategy as we strive to become the "...premier farm and ranch supplier in southwest Montana." We do not plan to fail, and are convinced this planning process is critical to our future success.

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Experience at Work in Retail Division

The stores may be a little smaller than he's used to, but the assignment is a perfect fit. New RMSI retail division manager Bill Balliet brings more than 25 years of experience in retail leadership to the position, and he's looking forward to a new challenge.

"Most of my experience is with the home improvement industry," Bill says. "My last 20 years have been with Lowes, most recently as the general manager of the Billings location."

The Pennsylvania native got his feet wet in retail working at a Wickes Lumber location while attending Penn State University. "I was an environmental science major and paid my way through school at Wickes," he recalls. "When I graduated, they offered me a job as a manager and I never looked back. I never even applied for a job in the field I studied."

After joining the Lowes organization, he moved with the company as they expanded to the west, managing stores in Idaho Falls, Idaho, and Missoula before taking on the Billings location. So why the move to RMSI?

"I grew up in a very rural community in northeastern Pennsylvania, and I've always been fascinated with the

farm and feed lifestyle," Bill explains. "When I took some time off from Lowes after 20 years, this was the field I wanted to get

into. So, when Brad reached out to me, it was really a no-brainer."

Bill used the two months when both he and Chuck were on staff to learn about the RMSI culture and communities, develop relationships with patrons and vendors, and begin to plan for the future.

Bill and his wife, Patricia, have three girls out of the house, and a girl and a boy still at home. There are also six grandchildren in the picture. He's an avid fly fisherman, loves elk hunting and does a lot of family camping and skiing.

"We're very happy to be here," he summarizes. "We had discussed where we wanted to end up when we retired someday, and this is actually the area we picked. I've always been heavily involved in community events and activities wherever I've been, and I'm looking forward to the same kind of involvement here."



New, but not

As the new manager of the Belgrade store, Elizabeth Flikkema didn't have to start from scratch. She's been with Rocky Mountain since 2013, getting her start as an animal health and clothing assistant. She's also married to Brandon Flikkema, Belgrade agronomy operations manager.

Raised on a dairy farm outside of Churchill, Montana, Elizabeth graduated from Manhattan High School. She and Brandon have two children.

"In the short time I've known her, I can see that Elizabeth is passionate about moving the Belgrade store to the next level," Bill Balliet (above with Elizabeth) states. "She has good experience with the company and good focus, and she's going to bring leadership and direction to the team here." ◆

Scholarship Winners



Top photo: Board member Lindsey Seidensticker (left) awards Charli Cenarrusa her scholarship. Charli is originally from Idaho and attends the University of Montana-Western in Dillon. She works at the RMSI Dillon store.



Bottom photo: Board member Shirley Wilson presents Nicolas Hill his scholarship. Nicolas is from Townsend, and attends Montana State University-Northern in Havre, MT.

Planning Yields ...

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Annual meeting ahead

Our fiscal year ended Jan. 31, and our annual meeting will be held Thursday, April 5, at 5:30 p.m. at the Broadwater County fairgrounds in Townsend.

We will have three director seats up for election at the meeting—one in Broadwater County, one in the Gallatin/Park County area and one from the Beaverhead/southern Madison County area. If you are interested in running for the board, contact your local director or me, and we will guide you through the process.

We look forward to another year of working beside you. At Rocky Mountain Supply, our success is determined by yours. ◆



Energy Business Is Exciting, Markets Less So



BY JASON RORABAUGH, PETROLEUM DIVISION MANAGER

As I reflect on the past year, I realize how fortunate Rocky Mountain Supply is to have your support. I want to thank each and every one of you for your patronage. I am also reminded of just how important and valuable the cooperative system is to all of us. Unlike most other businesses, the money you spend with the cooperative stays in the local economy, and directly benefits you and your community. The profits generated by RMSI are paid back to you, our member-owners, in the form of cash and stock. We have returned \$11.7 million in cash to our patrons over the past ten years alone!

The past year has been busy and exciting for Rocky Mountain Supply. As many of you know, we purchased the assets of Helena Fuel Supply in May. The acquisition allows us to expand our territory to the north, serve several hundred new customers and bring the cooperative into the Helena Valley. Many of you reading this may be a recent addition to RMSI due to the acquisition, and to you we say, "Welcome!"

As far as the oil markets are concerned, 2017 was a fairly uneventful year. Crude oil prices were range bound between \$45 and \$55 for most of the year. However, OPEC decided to continue their production cuts into 2018 sending prices to \$60 by the end of December. The recent run up in prices has caused U.S. producers to do more drilling in Texas and North Dakota. In fact, U.S. production recently hit an all-time record at 9.878 million barrels per day. Consequently, the oil markets seem to be pretty well balanced, at least in the near term.

We are keeping tabs on the situation daily and are here to help you as you make plans for 2018. Here are a few things to keep in mind as we move forward together:

- 1. Early Fill** – Winter is a great time to fill your tanks for spring and summer. Prices are traditionally at their lowest point of the year around January and February. If you have tanks to fill, give us a call and we can help you decide the right time to purchase.
- 2. Tank Program** – One way to save money in your operation is to buy fuel at a lower price. Generally, new tanks pay for themselves in just a few years with the fuel cost savings. Not only can you buy more when it's cheaper, but you get a bigger volume discount all year long. We have 1,000-gallon tanks in stock and can special order horizontal or vertical tanks up to 15,000 gallons. We also offer 0% interest financing for four years.
- 3. Cenex Roadmaster® XL and Ruby Fieldmaster®** – Cenex Premium Diesel Fuel contains detergents and corrosion inhibitors plus higher cetane levels for quicker starts. These fuels improve lubricity, and you will see improved fuel economy, increased power and lower maintenance costs. Consider trying our Premium diesel. I think you'll be very pleased.
- 4. Quality Staff** – Rocky Mountain Supply has the highest quality staff to help you with every aspect of your purchase. From market intelligence to the actual delivery of the product, our goal is to give you the very best service possible.

Again, thank you for your business and continued support. We look forward to working with you in the coming year. Please let us know if there are ways we can serve you better. ◆

RMS Equity Revolvement Is Evolving



BY TERRY SWEENEY, CHIEF FINANCIAL OFFICER

Stock retirement is known by several terms in the cooperative world, and one you hear quite often is equity revolvement. Every patronage check you have earned from Rocky Mountain Supply has been in the form of 30% cash and 70% stock/equity. As chief financial officer, one of my primary responsibilities is managing that equity for you, the member-owners. The current stock retirement policy established by the board of directors is to pay out stock to individuals based on age (currently, anyone age 70 or over). Recently, we distributed close to \$447,000 in the form of stock retirement checks back to our members.

Over the last several years, I have occasionally been contacted by an individual operating under a federal ID number. He was retiring, and was seeking information about getting his stock retired. After some research, I would find that this operation would be an LLC with several family members involved. Each scenario was a little different, but each presented significant challenges as well as putting the cooperative in a position of potential liability.

Until now, there really has not been a policy regarding stock retirement for business accounts set up using a Federal ID number, which have traditionally been corporations, LLC's, partnerships, etc. In October of 2017, the board of directors addressed the issue, adopting the following policy:

It is the intention of Rocky Mountain Supply, Inc. (RMSI) to not specifically retire the equity of those entities which operate under a Federal Employment Identification Number (FEIN), which would typically be partnerships and corporations, based on the current process of retiring equity by the age of the member or in the case of an estate. If a partner or shareholder in a partnership or corporation were to leave the partnership or corporation, voluntarily or involuntarily, the equity in RMSI held by the partnership or corporation would be treated the same as any other asset if and when the remaining partners or shareholders buyout the shares of the exiting partner or shareholder.

The only exception to this would be in the case of the partnership or corporation dissolving or ceasing operations. In this case, the partnership or corporation will be required to provide RMSI copies of the official dissolution documentation filed with the State of Montana, or whichever state the entity officially exists, as well as an official resolution signed by the officers of the partnership or corporation demonstrating to whom (individuals) the partnership's or corporation's RMSI equity should be distributed and the percentage each individual is to receive.

Once it is determined all information needed is received by RMSI, the request will be presented to the RMSI board of directors at the next available board of directors meeting for approval to transfer the partnership's or corporation's RMSI equity to the individual accounts of those individuals as outlined on the resolution provided by the partnership

or corporation. If the individual(s) do not have an account established with RMSI, one will be created for the purposes of holding the equity that will be transferred from the partnership or corporation. The equity will then be retired through the normal individual equity retirement policy and process as established by the RMSI board of directors. Presently, this would be age of member and/or through the member's estate at death.

If it is determined by the RMSI board of directors to also retire equity by the year in which the equity is earned by the member, partnerships or corporations would have equity retired directly to the entity. The equity retired through this retirement process would not require the equity to be transferred to individual partners or shareholders.

This policy is subject to change by action of the RMSI board of directors at any time.

What this means

What the policy does is help define that the equity earned by a business account is really an asset of the company. It would be treated no differently than any other asset of a family farm, corporation or LLC. The asset would need to be dealt with internally amongst the existing partners or shareholders. As you can see, there would be an exception for partnerships or corporations dissolving or ceasing operations.

The policy also outlines the next step for RMSI is possibly beginning an equity revolvement based on year rather than age. Once that transition takes place, all equity would be retired based on the year it was earned regardless of what type of account is established. The oldest stock would be retired first, and the dollar amount retired each year would be determined by the board of directors. Looking ahead and taking into consideration our maturing customer base, this is a much more sustainable type of revolvement.

If you have any questions regarding the policy or questions regarding the equity in your account, please don't hesitate to give me a call at 406-388-4009.

Please note this is the new phone number for the accounting and administration department at the RMSI main office. ◆

We've Moved!

Rocky Mountain Supply Main Office
210 Gallatin Farmers Ave
Belgrade, MT 59714

Accounting & Administration: 406-388-4009

Petroleum: 406-388-6116

Agronomy: 406-388-6242

Building Our Force in the Field



BY RANDY CRAIG, AGRONOMY DIVISION MANAGER

Rocky Mountain Supply has been making a concerted effort to assemble an agronomy sales team to meet your needs both now and in the future. In addition to our current agronomist, Cliff Alberda, we have hired three individuals to expand our presence at the farm gate. Please help welcome all of these folks to their new roles at RMSI!

Jeff Nesbitt

Jeff brings a strong agronomy background with him to RMSI, with more than 20 years of experience in crop consulting and precision ag. Jeff grew up in the Sheridan Wyoming area, and attended Northwest College in Powell, Wyoming. He went on to Montana State University, where he studied crop and weed science.

Jeff is the proud father of two children and three grandchildren, and is a self-proclaimed “water guy,” enjoying fishing, floating, skiing and camping. Jeff will be based at our Belgrade location, but will have sales responsibility for all of our trade territory. *Contact Jeff at 406-600-5153 or jeffnesbitt@rmsi.coop.*



Tayber Goff

Tayber was hired after working for us as an intern. We saw a lot of potential in this young man and wanted him on our team. Tayber was born in the Big Hole Valley at Lake Creek Cattle Company. His folks moved to Philipsburg when Tayber was young, and he was raised on Angel’s Nest Ranch, which his father manages. He was active in basketball and baseball at Philipsburg High School and was class valedictorian. Now a plant science major at Montana State University, Tayber will graduate this May. In his spare time, he enjoys baseball, golf, team roping and hunting. He’ll be working from our Dillon location. *Contact Tayber at 406-660-0097 or taybergoff@rmsi.coop.*

Jesse Gullion

Jesse was highly recommended to us by individuals who knew and worked with him. He earned an associate’s degree with a focus on business from Dawson Community College, while also playing on the college baseball team. He then transferred to University of Montana Western, where he majored in business administration and minored in small business management. While in Dillon, he completed a 240-hour internship with a local feed and seed company.

Jesse and his wife, NaTasha, have a six-month-old daughter, Josie Mae. Jesse enjoys hunting, fishing and being outdoors with his family. He will work out of the Townsend seed plant and have responsibility for seed sales throughout our territory. He will also handle some agronomy duties in the Townsend area. *Contact Jesse at 406-660-0097 or jessegullion@rmsi.coop.*



Samuel “Mick” Moos

Finally, to fill the vacancy created by Jim Doak’s retirement, we have promoted Samuel “Mick” Moos to operations manager for the Townsend seed and fertilizer plants. Mick grew up in the Townsend area, attended school there, and was active in football, basketball, golf and baseball. After graduation, he attended Rocky Mountain College on a football scholarship. While there, he was in business club and captain of the football team. Mick graduated with a degree in business management. He started working for RMSI in November of 2014, and has proven to be a very conscientious and service-oriented individual. Mick and his wife, Kelsey, have two daughters: Evie, 3, and Thea, 2. He enjoys hunting, fishing and woodworking. *Contact Mick at 406-595-2074 or mickmoos@rmsi.coop.* ◆



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210 GALLATIAN FARMERS AVE.
BELGRADE, MT 59714

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

MAIN OFFICE

406.388.4009
800.750.3008

PETROLEUM OFFICE: 406.388.6116
AGRONOMY OFFICE: 406.388.6242

BELGRADE

406.388.4008
800.750.3008

FERTILIZER PLANT: 406.388.6242

DILLON

406.683.2308
800.750.2308

FERTILIZER PLANT: 406.660.3124

ENNIS

406.682.4315

TOWNSEND

406.266.3456
800.696.3455

FERTILIZER PLANT: 406.266.3422

www.rmsi.coop

A Lemons-to-Lemonade Story

Hard times for the energy industry turned out to be a good deal for Rocky Mountain Supply. The year was 1972, and the energy crisis was hitting America hard. "I was a Standard Oil representative, and they let 75 of us go at the same time," recalls RMSI retail division manager Chuck Edmond. "I got a job here in 1972 to see me through the winter."

The job saw him through that winter and 45 more after that. Chuck eventually moved from propane manager to manager of the Belgrade store, a position he held until the merger in November, 1999. "At that point, I became the retail division manager, and that's where I am today."

Though Chuck notes that some things have certainly changed in 45 years—more people in the area, and a lot of innovation in farm and ranch equipment—the basics are the same. "People are people. Treat them right and they will come back."

It's those relationships that Chuck has cultivated through years of treating people right that will be the most difficult to leave behind. "I'm going to miss the employees and the customers," Chuck says. "I've also made some good friends among our vendors. This has been a good place to work for the past 45 years."

Retirement officially began Feb. 1, and Chuck says he has no firm plans at this point.

"I don't expect to do a lot of traveling," he concluded. "I guess I'll do a little fishing and a little gardening." ◆

