

Shifting Focus from Planting to Production



BY RANDY CRAIG, AGRONOMY DIVISION MANAGER

I'd like to begin by thanking our patrons for your patience as we took care of your agronomy work this spring. The condensed season threw challenges at us we haven't faced for several years, and, for some of our employees, this was an altogether new experience. In the end, we hope you received the service and expertise you've become accustomed to.

This was a spring that validated our investment in facilities and equipment. The larger buildings gave us the capacity to store more product heading into the spring season, and not be so dependent on trucking companies that had to contend with the electronic logbook debacle.

This season also confirmed the fact that we must continue to upgrade our application and support fleet to meet your spring needs.

Maximizing performance

With planting behind us, we now focus on getting the most from every seed you put in the ground. As you monitor plant growth, it's time to take a closer look at your fertility program. Tissue sampling gives you the opportunity to determine whether fertility levels are sufficient to meet your desired yield goals.

The truth is, the impacts of small, yield-robbing nutrient deficiencies aren't always readily visible. When they exist, however, they can be detrimental to the yields of your grain or forage crops.

Tissue analysis does not replace soil sampling, but the results can help determine if the plants' needs are being met. Soil tests are good predictors of what your fertilizer requirements should be for the upcoming crop year. Tissue

samples are an in-season indicator of the effectiveness of the fertilizer program you employed. In some instances, nutritional shortfalls can be addressed during the growing season. In most cases, tissue sample results will be used to dial in your program for future crops.

For some irrigated crops, tissue samples can be used to determine if nitrogen or micronutrients need to be added. For other high value crops, like potatoes, it is essential to take tissue levels at least once a week. This will enable you to catch nutrient shortfalls before they become an issue and impact yield. This spoon-feeding method can enhance production and help the quality of small grain and forage crops.

Diagnosing chronic problems

If you have areas of a field that consistently under-perform but you can't identify the problem, take a soil and tissue sample from those areas and submit them for analysis.

When determining crop nutrient needs, the value of the tissue samples submitted hinges largely on the care taken in collecting the samples and the part of the plant sampled. If you would like one of our agronomists to tissue sample your field, give us a call. ◆

Belgrade	Cliff Alberda Jeff Nesbitt	580-4987 600-5153
Townsend	Jessie Gullion	949-3456
Dillon	Tayber Goff	660-0097

QuickBooks Online Class

- When:** July 12, 2018, 6:30-8 PM
Where: Rocky Mountain Supply Conference Room
210 Gallatin Farmers Ave, Belgrade, MT 59714
Cost: Free, but we will be collecting donations for the RMSI scholarship fund.
Presenter: Ross Norman, CPA. Ross is an RMSI producer and tax accountant, and has helped set up over 100 Quickbooks online accounts.

This class will cover account set-up, linking your bank accounts for automatic import of your bank data (eliminating a lot of book work and reconciliation), scanning invoices and set up of computer checks. You'll greatly improve your farm/ranch bookkeeping efficiency, reducing time and frustration. We suggest you bring your laptop. Seating is limited, so don't delay. Sign up on Facebook at *Heart Four Montana Cattle Co.*, or contact 590-2110 or RMSI at 388-4009. ◆



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210 GALLATIN FARMERS AVE.
BELGRADE, MT 59714

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

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In-Store for Belgrade Remodel

BY BILL BALLIET, RETAIL DIVISION MANAGER

As Brad mentioned in his article, we're working with our architects on the initial phases of our Belgrade store remodel. What we do know for certain at this point is the redesigned store will provide more square feet of shopping space, expanded product selection and an easier and more pleasant shopping experience. Outside, we're reworking the gas and diesel island and providing an improved parking area. We're excited to get started on this project!

Every year, RMSI is proud to be able to support the Dillon and Belgrade FFA chapters through the sale of Red Brand wire. With every roll of wire sold, \$1 is donated directly to those FFA chapters. Thanks to your support, we were able to donate \$3,097.50 to the FFA this year.

Finally, thanks to everyone who dropped by for our customer appreciation days for food, great music and a lot of prizes. We truly appreciate your business and hope you enjoyed the experience. ◆



Members of the Dillon FFA chapter and their donation from the Red Brand promotion.



RockyTalk

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Maintaining Our Momentum

BY BRAD GJERMO, CHIEF EXECUTIVE OFFICER



Thanks to all of you who attended the recent Rocky Mountain Supply (RMSI) annual meeting. For those who were unable to make it, here are a few of the highlights.

Your cooperative recorded a local net savings of \$1,310,008 on sales of \$75,127,081. While down from our record 2017 mark, this was still a very solid year in line with our historical earnings.

Overall earnings were \$2,772,008 before provision for income taxes—down \$2.4 million from fiscal year 2017. This drop is due primarily to the reduction in patronage from our regional cooperative partner CHS. This is a trend we expect will continue for the next couple of years.

As a result of our financial performance, we will distribute \$1,318,533 in patronage to our patrons this summer, \$474,972 of which will come in the form of cash. In addition, RMSI returned a near-record \$497,847 of equity to members age 70 and older. All told, cash returned to our patrons from fiscal year 2018 operations was \$972,519. Over the past five years, that total is \$6,977,601.

Also significant was the election of directors. Incumbent Shirley Wilson of Townsend ran unopposed and won re-election. Daryl “Harry” Marx was newly elected to represent the Gallatin and Park county areas, and Jerry Meine was elected to represent patrons in Beaverhead and Madison counties.

If you are interested in reviewing the RMSI annual report, copies are available at each of our retail stores and agronomy locations. The 2019 RMSI annual meeting is scheduled to be held in Dillon on Thursday, April 11, 2019.

On the drawing board

We are well into the planning process for our next major project, the remodel of the Belgrade farm, ranch and home store. The final plans will likely include major upgrades to both the store, and the gas and diesel fueling islands. We’ll be taking significant steps to prepare for the project this summer and early fall, as we plan to begin the work on or before November 1, 2018.

Watch for progress updates on our website, rmsi.coop, at the store itself and in the next issue of Rocky Talk. ◆

FAMILY ROOTS, TRADITION, GIVING BACK:

Reflections of a Montana Rancher

As RMSI energy customer Matt Pierson traces his family history, a listener is treated to a fascinating story of industry, invention, western ranching and service to country. All of that now comes to a point at the Highland Livestock Company ranch east of Livingston.

“My great-great grandfather homesteaded in Hobson, Montana,” Matt begins, “so farming and ranching have always been in our family. But ranching skipped a generation to my grandfather, who lived in Minnesota. He invented the Farmhand front loader, sold the patent to Farmhand, and was actually CEO of the company for a time. He had always enjoyed visiting Montana with his father, so when he retired in 1960, he bought the ranch we’re on today.”

Matt’s father, Charles, built up the ranching operation. “He was the ultimate big-time Montana rancher, with ranches from Springdale to Melstone,” he recalls. “We did a lot of traveling.”

The 22% interest rates and drought in the ‘80s hit the Piersons hard, and the operation felt the financial effects for decades. But the ranching operation survived, even after the death of Matt’s brother, Chad, in 2008, a 2009 machine shed fire that took

virtually all the farm equipment, and the passing of his father in 2013. “Survival has been a key word for us,” Matt says. “We’re still here and still ranching.”

There’s a lot more history, including direct connections to the Pillsbury family (yes, the Doughboy folks) and cotton gin inventor Eli Whitney. That explains his creativity, inventiveness and out-of-the-box thinking seen in Matt’s current endeavors.

Upward path

Highland Livestock remains pointed in a positive direction, having recently acquired the adjoining Mission Ranch. Today, they run cattle on 14,000 acres adjoining the Yellowstone River. “We breed Charolais bulls to Angus mothers, and we don’t keep any of our replacements,” Matt says.

Matt takes a proactive approach to ranching and life in general. “If I can cut it off at the pass and be there first, it makes everything easier to deal with,” he says. “I also firmly believe that a place will take on the character of the management. If you are calm, your animals will take that on. We try hard to let Mother Nature tell us when and how to do things—when to start irrigating, when to cut hay. It’s not the most popular philosophy, but it’s the one we take here.”

Showing the “why”

Military service has been a tradition in the Pierson family,



and Matt notes that his generation is the first without an active duty member. As their way to honor and give something back to veterans, he and his wife Kristina decided to create an outdoor experience for wounded veterans on their ranch—and the idea has quickly blossomed.

“The beauty of our ranch is, we’re extremely accessible,” Matt begins. “You can get to about 90% of it on a side-by-side. It’s centrally located to Livingston, Cody, Yellowstone, float trips—just a lot of options.”

With seven miles of Yellowstone River access, spectacular views and acres of grassland and timber, the ranch provides a great environment for hunting, fishing and just enjoying the scenery. And since, by Matt’s admission, he tends to go big on projects, they’ve made some major improvements to accommodate groups of veterans and veterans’ wives.

“We pulled out 4,000 yards of silt from our pond to turn it into a fishing pond,” he elaborates. “We put in a dock. And we took down an old guest house and put in a brand new three-bedroom, two bath modular home that’s completely accessible inside and out.

“We want to give veterans the opportunity to hang out with my family and our crew, and see how we do what we do, and the why—why they sacrificed what they did, and who they fought for,” Matt summarizes. “We’re the why.” ◆

This new home will house vets and other ranch visitors.





Drawing on a Lifetime of Experience

If I'm a good listener and learn about their operation, I can figure out how we can help them. Then, I can use the tools at my disposal to make a connection between Rocky Mountain and that customer."

Steve elaborates on a few of those tools. "The fact that Rocky Mountain is a cooperative for starters," he says. "Cooperatives are a customer-centric business because customers become owners and have a stake in the company. That's unique.

"We have fixed-forward pricing for people, when it fits, to help them get a better handle on their costs," Steve continues. "RMSI has a fuel monitor program, which takes away the need to worry about fuel levels and helps us deliver more efficient service. And I can help customers size their storage needs appropriately, which helps them be more proactive, provides a better purchase price per unit, and allows customers to buy when prices are most favorable. Those are a few of the tools." ◆

Experience makes a difference, and when it comes to the energy business, few people have more experience than RMSI energy sales representative Steve Schintzius. He was born into the business.

"Officially, I've been in the fuel business for 47 year," Steve recalls. "But since my dad owned an oil company, I basically grew up in it. I've seen a lot in my time, from energy crises, 22% interest and 4-cent-per-gallon fuel through the transition from leaded to unleaded gas and high-sulfur to low-sulfur diesel."

The official entry into the industry came in 1971, when Steve and his

brother took over the family business. He worked to build that company until 1998, before his career path took him to Florida for more than a decade before bringing him to Montana and Rocky Mountain Supply in 2013. Once here, he became the cooperative's first outside sales representative. Today, Steve puts about 55,000 miles a year on his rolling office, calling on farmers, ranchers and commercial customers from north of Helena to the Idaho border, and from Anaconda to Big Timber.

"I'd say my two greatest assets are my knowledge of the fuel industry and my ability to really listen to people.

RMSI Helps Sponsor Natural Horsemanship Program

The University of Montana Western's Second Annual Colt Challenge and Sale was a huge success for the university and community, Chancellor Beth Weatherby said.

"The tremendous effort on the part of our students, faculty and staff, along with incredible community support, made this a fantastic event. It not only provides training for our students but raises money to fund our unique natural horsemanship program," Weatherby said.

Cenex Harvest States and New Generation Supplements were the title sponsors of the sale, with Rocky Mountain Supply contributing grain and mineral supplements. ◆



University of Montana Western student Tess Turk riding Weavers Star Heaven won the university's 2018 Colt Challenge. *Photo by Jackie Jensen.*

The Cooperative Offers a Chance to Be Part of Something Bigger



BY TERRY SWEENEY, CHIEF FINANCIAL OFFICER

On April 5th, 2018, Rocky Mountain Supply held its Annual Meeting in Townsend, MT. I had the privilege of presenting the Financial Statements at the meeting. The balance sheet showed RMSI invested over

\$5.5 million into our local communities, via fixed assets and acquisitions, all while maintaining \$5 million in working capital. This working capital bolsters the balance sheet and puts RMSI in a position to continue to grow and/or borrow if the right opportunity presents itself. The statement of operations for the year reflected that RMSI was able to increase volumes, control expenses and produce a top five result from an EBITDA standpoint (earnings before interest, taxes, depreciation and amortization). I summed up the presentation showing a history of patronage and stock retirements. RMSI has distributed over \$31.4 million in patronage and \$2.7 million in stock retirements over the last 12 years. All in all, a very solid year.

I received only one question from the audience: “Why is my patronage going down this year?” The answer to the patronage decline involves our regional patronage. Rocky Mountain Supply buys products (i.e. fuel and fertilizer) from CHS (Cenex Harvest States) which in turn pays patronage to RMSI. This regional patronage is just a pass through, and RMSI returns all of it back to the membership. CHS has been adjusting their patronage program and we have seen a decline in those distributions. Based on the information we have, there appears to be confidence those regional distributions will eventually return to normal levels. The portion of patronage paid out to the customers due to Rocky Mountain Supply’s local savings is as strong as it has been, based on the last four-year average.

For example, let’s analyze the dividends you’ve been receiving from our retail stores. Over the last 4 years, the dividend rate of return for the retail division has been a healthy 9.53%. When you equate that out on a gallon of gas averaging \$2.75 a gallon, your yearly return has averaged about 26 cents a gallon (18 cents in equity and 8 cents in cash). Not to mention you have been getting 9.53% back on all purchases (6.67% equity/2.86% cash). I don’t know about you, but I certainly enjoy that rate of return.

Regardless, I gave that question a lot of thought in the weeks after the meeting: “After all the investment RMSI is making in the local facilities, fixed assets and employees, is a single year or two’s patronage level the only issue customers/owners care about?” The answer is obviously no. For me, it’s much bigger than that. It’s about belonging to something bigger.

Having read numerous articles on cooperatives and patronage, I want to share a synopsis of one of my favorites. I read it at least once a year, just as a reminder of

why I am an employee and a member of the local co-op, and how beneficial it is to our community. It was by Joe Zumwalt, a farmer who served on a cooperative board for over 10 years.

“Co-ops may look and act like any other business, after all they provide products, services and expertise. But that’s where the similarities end, and two big differences stand out:

- **Co-op difference #1:** A cooperative is owned and controlled by those who use it, not by investors or private individuals.
- **Co-op difference #2:** A cooperative distributes benefits to its member-owners on the basis of use. That’s called patronage.

Patronage is based on earning from the products and services members buy from their co-op. The more successful the co-op’s year, the greater the potential for patronage, which is returned to members in the form of cash and equity. The percentage of earnings by cash is determined by the board of directors.

It’s the board’s job to create a patronage distribution balance that benefits current, past and future members:

- **Current:** Pay cash to members, which they can use to support their own businesses.
- **Past:** Revolve (pay out) equity to retired members.
- **Future:** Retain some earnings to invest in the business for the long term.

Patronage just isn’t about dollars and cents, it’s also about growth and providing value to members long term. It’s the board’s responsibility to be good stewards of it’s members equity. Eventually, your equity investment in the co-op is returned to you.”

And I love this quote from Neal Keppy, a farmer and board member of a locally owned co-op:

“If you do business with a non-co-op, you may get cheaper prices up front, but the money you spend there will never come back to you.”

Rocky Mountain Supply and your local co-ops offer a lot of benefits: products, services, expertise, patronage, equity, ownership and even the right to show up at an Annual Meeting and speak your mind. You never know what spark this may help create. It helped me remember I not only like getting equity and cash back on all my purchases, but perhaps more importantly, it’s about being part of something bigger that provides long term value and helps the communities we live in. I once read that it’s good for the soul to be part of something larger than self. I tend to agree. ◆

