



RockyTalk

FOOD FOR THOUGHT.

INFORMATION FOR BUSINESS.



Cooperatives Unique, Surprising and Vital

BY BRAD GJERMO, ROCKY MOUNTAIN SUPPLY, CHIEF EXECUTIVE OFFICER



October is co-op month, a month in which we recognize and celebrate the cooperative business model. In our part of the world, when people hear the word “cooperative,” they tend to think of a business like Rocky Mountain Supply. The reality is, there are nearly 30,000 cooperatives operating in the United States, providing a wide range of services.

You interact with cooperatives every day without even realizing it. For example, as you shop the aisles of the grocery store, you’ll see products from Diamond Walnut, Florida’s Natural, Land O’ Lakes and Ocean Spray—all cooperative companies. In fact, the grocery store itself may be a cooperative, as is the case with the Western Family chain structure of business.

Those in the rural community are likely familiar with electric, telephone and water cooperatives. You would probably be surprised to learn that the Associated Press news association is a cooperative. The bottom line—cooperatives play a vital and prominent role in American business.

Why cooperatives?

The cooperative model of business is unique in that the company providing products and services is owned by the people who purchase those products and services. As a

consequence, cooperatives retain close ties to the people and communities they serve.

For example, what impact does Rocky Mountain Supply have in our immediate trade area? Let’s take last year as an example. We paid \$3.4 million in wages to our employees, who then spend a portion of those wages in their communities, supporting other workers and businesses. We also paid \$163,000 in property taxes which support schools and infrastructure, and we spent more than \$200,000 in advertising and promotions (for example, sponsorships, fair awards and donations to organizations like 4-H and Future Farmers of America).

In addition, we invest in our facilities, which resulted in almost \$5 million spent with local vendors. But the benefit unique to the cooperative structure is our patronage and stock retirement program. Between 2006 and 2015, we’ve returned just over \$25 million in patronage to our members—\$8.4 million of that in cash. In addition, over the past eight years, we’ve retired \$2.2 million in member stock, also returned as cash. That’s \$10.6 million flowing back into our communities—not to stockholders in another state or country.

As you can see, the cooperative way of doing business is unique and well worth celebrating. You have many reasons to be proud of the company, or companies, you own.

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Online Payments Lead the Technology Advances at RMS



BY TERRY SWEENEY, CHIEF FINANCIAL OFFICER

My typical articles have focused on patronage, stock retirement or financial matters here at Rocky Mountain Supply. Today I am putting my other hat on. Besides my duties as CFO, I also am considered the “in-house I.T. guy”

by default, I assure you. Fortunately, we have some great I.T. and technology partners that we work with. We have some exciting technology changes we are kicking off that are designed to save you time and money.

How many checks do you write a month? I'll bet the number is a lot less than it was five or ten years ago. Online payments have become the norm in today's society. Well, I am happy to announce that you can now log on to your Rocky Mountain Supply account via our website, www.RMSI.coop, and conveniently make your monthly payment. Once on our site, you will be prompted to log in or set up an account if you haven't already done so.

After you log in, you will see a tab named “Make a Payment.” The setup is fairly straightforward. You will supply the routing and checking account numbers that you want your payments to be made from. You have the option to “Pay statement balance, Pay full account balance or Pay other amount.” Then, enter the payment date and hit “Submit Payment.”

No checks to write, no remembering to mail the check. And as long as your payment is in before the end of the month, there are no finance charges to worry about. (Please note: We accept only ACH/checking-to-checking transactions. No credit card payments are accepted online. If you are making a payment on an invoice that involves a discount with specific terms, the payment must be made within those terms to receive the discount.)

Other features available online include the ability to view your account's complete overview, current activity, digital copies of signed charge tickets, past statements and year-end tax statements with complete purchase breakdowns (especially handy at tax time).

The online copies of signed charge tickets are the result of another technology change. A few years ago, you may have noticed a significant change at our checkout counters. If you were charging a purchase to your account, the cashier would have to print off a very expensive three-part invoice from a printer

right out of the seventies. These old dot matrix printers were notorious for constantly jamming, misprinting and ruining everyone's day—whether you were the cashier or the person waiting in line waiting for the fix. Our I.T. team was able to implement new digital signature pads. Now, you sign the screen and your signature is digitally captured and printed onto your receipt. This creates a digital PDF file, complete with signature, which is then posted to your online account. As a result, there is much less paper and much less frustration waiting in line for a printer to get working.

The other major technology implementation here at RMS is called DocuWare. It is a scanning system which acts like a digital filing cabinet. With DocuWare, we find we have to print off fewer copies of invoices and reports. This trend will continue as we implement the system through our various departments. The savings to the co-op will be significant over time as our need for paper becomes less and less. This savings is ultimately passed on to you, the owner/member, in the form of patronage.

The less we have to spend on paper, expensive invoices and check processing, plus the less time you have to spend writing out checks and tracking your account, and the less time you have to wait in line at our stores—the more time and money you get back in return. Sometimes technology is a good thing. ◆

ROCKY MOUNTAIN SUPPLY CUSTOMER INFORMATION PORTAL

Name

Submit A Payment for Your Account

You can submit a payment for your account using a configured funding source like a bank account.

Current Activity

Your current account balance is \$332.98

Invoices

Statements

Tax Statements

Quick Access

Funding Sources

My Settings

Payment Date

09/25/2016

Use a configured funding source to submit your payment. If you have not configured any funding source, click here to set u

Submit Payment Using Saved Funding Source

Checking FIB

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Cooperatives Unique...

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Encouraging successful students

This fall, we will be introducing a scholarship program that is a little different than most. We will be awarding up to four \$1,000 scholarships to students in their junior year of college. Those interested can apply in the fall of their junior year, and the scholarships will be awarded in time for the second semester. Applications will be available at all RMSI locations and online at www.RMSI.coop beginning Oct. 15, 2016.

Finally, plan on attending our Farm and Ranch Succession Planning sessions in November. This is a good opportunity to learn about this very important aspect of farm management. More information can be found in the article on page 3, and we'll also be sending out invitations in the near future. ◆

What is Going on With Ethanol?

BY JASON RORABAUGH, PETROLEUM DIVISION MANAGER



Last summer, all three grades of gasoline at our retail stores contained 10% ethanol. This included the premium unleaded. Many of you have asked why we made the change—a good question. Here is the reason.

For the past few years, we've offered regular unleaded with 10% ethanol, mid-grade unleaded and premium unleaded with no ethanol. Because we only have two underground tanks at our stores, one held E10 regular unleaded and the other contained non-ethanol premium. That meant our 89 octane mid-grade contained 5% ethanol.

The Environmental Protection Agency (EPA) regulates the vapor pressure of fuel throughout the summer in order to help control emissions from vehicles and distribution facilities during these warmer months. The E10 regular unleaded and the non-ethanol premium passed the EPA standards. However, the 5% ethanol mid-grade did not. Fines for non-compliance can be as much as \$32,500 per day.

Consequently, we made the decision to have all grades of gasoline contain 10% ethanol during the summer months. This wasn't a decision we made lightly, considering that many of you like a non-ethanol option. The potential cost of non-compliance, however, made the switch necessary. However, I am happy to say that this is only an issue during the summer months. We once again have non-ethanol premium available at all of our retail locations.

What about small engines?

Many of the concerns about fuels containing ethanol revolve around small engines. Newer engines are not an issue because they were designed to handle 10% ethanol. For older small engines, here are a few tips to help with the transition to fuels containing ethanol:

1. Don't let the fuel sit in storage too long before using.
2. Drain the tank, or run the machine out of fuel at the end of the season.
3. Use a good quality fuel additive, such as PFS Gas Plus with ethanol defender.
4. Make sure to fill up your gas cans with non-ethanol premium before the summer season. Non-ethanol premium will be available until May 1.

It's our goal to be your best source for quality fuel. If you have questions about our fuel, or your specific fuel requirements, I'd be happy to answer them. ◆



Don't Get Caught in Transition

According to the USDA Census of Agriculture, the average age of U.S. farm and ranch operators in 2012 was 58.3 years old, up from 57.1 in 2007. This continues the well-documented 30-year trend of an aging farmer and rancher population. Included in that trend, of course, are those 65 years of age and older—retirement age in other professions. As a result, many families are realizing that it's never too early to begin planning for the transition of the farm or ranch to the next generation.

Rocky Mountain Supply will be hosting several educational seminars Wednesday, Nov. 2 and Thursday, November 3 in Belgrade and Dillon, Montana. The seminars will cover considerations surrounding long-term care and the five key elements of transition planning: succession planning, business planning, risk management, financial independence (retirement) and estate planning.

Remember to watch your mail in October for the official seminar invitation with event details.

If you have any questions, please contact Brad Gjerme, CEO, Rocky Mountain Supply, at 406-388-4008 or bradgjerme@rmsi.coop. ◆

Helping Inputs Work Harder, Smarter



BY RANDY CRAIG, AGRONOMY DIVISION MANAGER

With the downturn of commodity prices, and the possibility that these prices might be around for a while, it's important to make every input dollar work as efficiently as possible. Soil sampling is one tool that can help by ensuring that you're providing the nutrients needed to achieve your yield goals without over-fertilizing areas beyond their ability to produce. It may reduce your fertilizer costs in the process.

One key to securing an accurate soil test is timing. Montana State University researchers have found that there can be significant differences in nitrogen levels between fall and spring. They recommend a late fall test—in the November/December range—to most accurately predict spring nitrogen levels. If you test in the August/September range, nitrates could leach out through coarser soils with heavy rainfall, and you might not account for the nitrogen release by the decomposition of plant materials.

There are several different sampling strategies—random, grid and zone—that can be used to help producers determine their fertilizer needs. Over the years, we've used random sampling on the majority of the acres we've sampled.

The increasing use of GPS technology has made the grid and zone sampling methods both possible and more popular. Using the R7[®] tool, we can now create management zones

within your field based on a variety of variables, including yield results, soil type, soil test results and the producer's knowledge of the field. By collecting samples from these zones, we can more accurately determine what to feed each zone, and can deliver the precise amount of nutrients needed and control costs with variable-rate application technology.

If you've been taking soil samples already and not achieving a realistic yield goal, it may be time to consider plant tissue testing. Tissue testing can determine specific nutrient deficiencies within the growing crop and can also confirm that your fertilizer program is working. Plants can experience nutrient deficiencies without any visible symptoms. While no symptoms are present, these deficiencies can still cause yield losses up to 15%. A tissue test will bring to light which nutrient is deficient in time to correct the deficiency before harvest or at the start of second cutting.

High-value crops like potatoes should have petiole samples taken weekly to track nutrient levels and help producers make informed fertilizer decisions throughout the growing season.

Whatever your crop, yield goal or budget is, let the Rocky Mountain agronomy staff help you achieve the best results using our tool chest of solutions. ◆

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soil test is timing.**
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RMSI Introduces New Scholarship Program

The Rocky Mountain Supply Inc. board of directors is proud to announce the introduction of a new scholarship program for college students pursuing a degree from a four-year accredited university. RMSI will annually award four \$1,000 scholarships to students entering the second semester of their junior year. There will be one scholarship awarded each year at each of our primary community locations—Belgrade, Townsend,

Dillon and Ennis. Applicant's parent(s) or guardian must be active members of Rocky Mountain Supply and do business at one of our primary community locations; this will be asked to be identified on the application. Students must be full-time status to be eligible. Applications must be submitted by Nov. 15 for the first semester of the student's junior year. A minimum cumulative grade point average of 3.0 on a 4.0 scale is required to apply.

Applicants don't need to be majoring in an agricultural-related major, but preference will be given to those who intend to pursue a career in an agricultural-related field. Applications will be available online at www.rmsi.coop or at all Rocky Mountain Supply locations beginning Oct. 15, 2016. If you have further questions, please contact any Rocky Mountain Supply board member or CEO Brad Gjermo at bradgjermo@rmsi.coop or 406-388-4008. ♦



Meeting a Need in Ennis

"To me, this is what I was made for. This store is the perfect size, because I can get to know all my customers. I have more friends here at the store than I do outside of work. And to me, that relationship is the most important thing you can have."

That's Ennis C-Store manager Greg Stearman, who has found his sweet spot in the store after working for a number of retail organizations over the years. Now in his 13th year with Rocky Mountain Supply, Greg feels that both he and the Ennis store are hitting their stride.

"We completed a remodel here in May of 2015, and business has grown steadily since then," he notes. "A lot of that growth has to do with the food service program we have now. There's no fast food in Ennis, so what we offer addresses a need the community had for good, affordable food items that

they could grab on the go. We have a lunchtime crowd here now."

The addition of the walk-in cooler, expanded cold food section and f'real milkshake machine have helped make the store a destination for folks seeking a meal or snack, as well as fuel and other daily necessities. "Every part of the business now contributes to the success of the whole," Greg notes.

It's not surprising that Greg, an Oklahoma native, gets excited about the food. His parents still run the family bakery and restaurant where Greg worked from the age of 9. The other thing that gets him excited is talking about his staff.

"I have a great crew—the best I've ever had," Greg states. "They're dedicated, friendly, hard-working people, and they're the key to our success. They really know our customers, and I get ideas from them all the time on

how to improve the business."

If you're wondering what brought an Okie to Ennis, Montana, the answer is vacation. "I came up here to visit a friend in 1999, and never really left," Greg recalls. "I originally worked for McDonalds, and a job transfer brought me to Belgrade. I had a good feeling about Rocky Mountain, so I went in and applied for a job with Chuck (Edgmond). Chuck didn't hire me right away, but I kept coming back and asking and he started giving me jobs. Eventually, he hired me full time, and a year later I got the Ennis store."

It appears that was a good move for Greg—and for Ennis.

Editor's note: Greg doesn't take a whole lot of time off, but in his free evenings you can occasionally catch him singing karaoke (he worked as a karaoke DJ for six years). ♦



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to our customers
through a financially
sound cooperative.*

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ENNIS

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TOWNSEND

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FERTILIZER PLANT: 406.266.3422

www.rmsi.coop

One More Reason to Love the Q-Catch



BY CHUCK EDMOND, RETAIL DIVISION MANAGER

Rocky Mountain Supply is proud to be able to offer the Arrow CattleQuip line to our friends and neighbors.

In this issue, I'd like to focus on just one of the fine Arrow products, the Q-Catch 8500V.

The Q-Catch 8500V is widely recognized as the best manual squeeze chute on the market today.

The full length squeeze is easy to adjust and can handle anything from large bulls down to small calves – no problem! The spacious integral vet cage makes the 8500V a popular choice for vets and breeding

specialists. The Q-catch head gate is the key to low-stress cattle handling. You can operate the tailgate and head gate without moving from your position behind the cattle.

Through Oct. 31, 2016, if you purchase a Q-Catch 8500V cattle chute for \$6,135, you will receive a FREE Q-Catch Head Sweep and Sternum Bar – a \$585 value. Stop in at any Rocky Mountain Supply facility and see what we can do for you. ♦

