



# RockyTalk

FOOD FOR THOUGHT. INFORMATION FOR BUSINESS.



## Building On Another Strong Year

BY BRAD GJERMO, CHIEF EXECUTIVE OFFICER



Thanks to all those who attended our annual meeting at the Holiday Inn in Bozeman. If you missed it, make a mental note to attend next year when we meet in Dillon at the University of Montana Western.

For those who were unable to join us, here is a brief recap of the year we had at Rocky Mountain Supply. Despite the significant challenges faced by the agricultural industry over the past few years, Rocky Mountain Supply, Inc. (RMSI), continues to perform well. For the past fiscal year, our sales grew a healthy \$15.7 million to \$90.8 million—a growth rate of 21%. Local net earnings were the second best in the history of your cooperative at \$1,670,159.

When earnings from Montana Energy Alliance, our propane joint venture with Vigilante Electric Cooperative, and our other regional cooperative patronage were added, total earnings before the provision for income taxes totaled \$2,728,226. Thanks to these earnings, we will be distributing approximately \$1.16 million in patronage dividends back to our patrons, with approximately \$420,000 of this total being in the form of cash.

Also at the meeting, director Lindsey Seidensticker was re-elected and we welcomed board newcomer Ned Zimmerman from the Wilsall area. He's filling the spot opened by Mark Reyher's retirement, and we're excited to have our first

representative from the east side of the Bridgers. Thanks, Mark, for your twelve years of service to our cooperative.

### Keeping you informed

Good communication continues to be a priority for the RMSI board and management. Technology continues to transform agriculture, and we need to put it to work for our communication efforts, as well. That is the reason we've created the new position of Marketing Communications Specialist and hired Bree Ahsenmacher. You can read more about Bree on page 2.

One of Bree's points of emphasis will be the use of digital and social media to effectively communicate timely information, make it easier for our customers to do business with us and make prospects aware of what we have to offer. Our new online credit application is just the first example of her abilities.

We're putting the finishing touches on the first and most significant phase of the store remodel. Our primary retail area is open, Heros is relocated and both the gas and diesel islands are back in business. Roughly 25-30% of the project remains, primarily the remodeling of the area we were operating from during the first phase. We expect all the work to be completed by the first half of September, followed by a grand opening. ◆

# Productive Pasture Management

BY RANDY CRAIG, AGRONOMY DIVISION MANAGER



Maintaining healthy, productive pastures is critical for the Montana livestock producer. In this article, I'd like to share a few principles of pasture management.

In discussing haying and grazing for livestock production, we usually differentiate rangeland from pasture. Rangeland is generally defined as a native plant community in a relatively natural state that is grazed and used for natural, sustained forage production. Pasture is intensely managed rangeland or improved pasture for the purpose of grazing livestock.

Grasses are the primary forage plants of the range. Our range and pastures are comprised of cool-season grasses that grow in April, May and June. Spring is the critical time to protect grasses from overgrazing by livestock. If grasses are grazed too early and too frequently in their growth cycle, their root system will decrease in mass and size until the plant becomes less competitive—or dies off—and weeds take over. This is Natural Resource Rule #1—Mother Nature will always grow something.



## Majoring in Marketing



The newly created position of Marketing Communications Specialist is tailor-made for Bree Ahsenmacher. Originally from Annandale, Minnesota, Bree came to Bozeman to attend Montana State University. After earning her marketing degree, Bree worked for Delaware North before joining the Rocky Mountain Supply team in May.

"I worked with five hotels in the Rocky Mountain region, helping them with marketing," Bree says. "I'm excited about the opportunities here at Rocky Mountain Supply. I'll be the point person for our communication efforts with a particular focus on our digital presence. I'll also be helping our retail group with their advertising program."

In her free time, Bree is all about the outdoors. "I like hiking and rafting, camping, gardening and fishing as well as spending time with friends," she says. ♦



Bree hard at work.

## How grasses grow

Grasses are divided into three broad categories:

- **DECREASERS** – plants that decrease under grazing (most fragile)
- **INCREASERS** – plants that increase under moderate grazing pressure
- **INVADERS** – plants that invade under heavy grazing pressure (low-value and non-palatable)

Generally, the growing point of the grass determines the category into which it falls. Decreasers have elevated growing points, increasers have mid-level growing points and the invaders tend to have growing points at or below the soil surface.

Frequent grazing below the growing point can decrease the plant's competitive ability and, potentially stop the growth for roughly 22 days until another growing point can be raised.

The growing season for native grasses in Montana is 90-120 days depending on your location, and the period of active growth is limited to 40-55 days (until dormancy). So, if the growing point is removed too early, 22 out of those 40-55 days of growth can be lost.

In addition, if plant removal or forage harvesting exceeds the ability of the plant to replenish root reserves of stored carbohydrates by means of photosynthesis, the plant will weaken or die.



Houndstongue



Knapweed



Whitetop

## Managing your pasture

Prolonged grazing at the wrong time will move a forage resource to one of low quality and low production. Here are some tips to help keep pasture productive and minimize undesirable plant competition:

- Livestock containment can serve to protect the forage resource at critical times of plant growth.
- Seeding improved grass varieties may increase forage production by increasing weed resistance or decreased weed competition.
- Drag pastures every spring to spread manure piles and rejuvenate grass stands.
- Fertilizer application will boost grass production significantly.
- Weed control may be needed to shift the plant competition to favor grasses. Herbicides like 2,4-D, Brash®, Curtail®, GrazonNext®, Chaparral™ and Cimarron®, with the proper adjuvant package, can help you decrease weed competition and increase your grass production.
- Once weeds have been managed, a shift in pasture grazing management will increase the benefits and longevity of any herbicide treatment.

For more information on weed identification and matching herbicides to your specific issues, contact one of the agronomy salespeople at Rocky Mountain Supply. ◆

## Technology Comes to the Cab

BY JASON RORABAUGH, ENERGY DIVISION MANAGER



In every business, increased efficiency benefits customers, employees and the organization as a whole. That holds true for Rocky Mountain Supply and, specifically, the energy department. We've added some

new technology to cut unnecessary steps, provide better service and increase accuracy.

The most significant change is new technology that allows us to print delivery tickets right in the cab. Our delivery driver uses a tablet which connects to the meters on the truck and totals the gallons, so all he has to do is enter the account number and price per gallon. Even better, the tablets can tie directly into our accounting system.

The data is exported every night and uploaded first thing in the morning, so any new accounts are available to the driver as his day begins.



Not only is the system more efficient and accurate, but all deliveries are saved as PDFs available through the customer portal—another new feature.

In addition, all of our wholesale sales are now invoiced through a point-of-sale system, which saves our office staff several steps and increases accounting accuracy. Bulk oil and fuel tank sales now go through the same system, and those tickets are also now available on the customer portal. Note that your wholesale invoices and delivery tickets will look a little different.

Finally, we're switching to a cloud-based system for our customers with monitored fuel tanks. This system offers more flexibility, a much better display and is highly customizable.

As new technologies emerge, we'll continue to incorporate them to better serve Rocky Mountain Supply energy customers. ◆

# How Are You Financing Your Farm/Ranch Inputs?

BY WAYSON SPENCER, CREDIT MANAGER

Where your financing comes from can make a big difference in your overall financial picture. Are you using interest- or dividend-earning funds or savings? How does it affect your cash flow to finance your crop inputs and/or livestock feed?

Here's a thought: Why not leverage yourself to maximize your hard-earned money?

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## Dual Equity Retirements: Results of Year One Favorable

BY TERRY SWEENEY, CHIEF FINANCIAL OFFICER



The results are in and they are quite favorable. The new dual system of equity retirements, adopted by the RMS board of directors in 2018, was met with a

resounding positive reaction from the Rocky Mountain Supply patron base.

If you have not read the prior article "Board Adopts New Equity Retirement Plan" that appeared in the Winter 2019 Rocky Talk, here is a quick synopsis. As a patron of the co-op, each year you have earned a patronage check in the form of 30% cash (check) and 70% equity (or stock). This equity remains in the account under the account name and number. Stock retirements are one way to distribute that equity back to the customer. Traditionally, there was only one parameter under which stock retirements were issued, and that was based on an individual's age. Only accounts established under an individual's birthday and social security number were eligible.

The new dual system allowed for equity earned by farms and ranches, businesses, LLC's and corporations who had established their account under a federal ID number (FEIN). The plan would allow many more customers to begin receiving two checks a year

(patronage and retirement), as well as allow the board to budget a specific dollar amount each year to distribute back to the patrons.

The board set a goal of retiring \$400,000 of equity, to be distributed at the end of 2018. The amount of total equity retired was \$404,021.49. Here's how we got there.

Patrons who turned 70 in 2018 and had established their account under their social security number, received 50% of their equity. There were 297 checks issued that totaled \$187,044.76.

One of the biggest challenges was figuring out how to start the retirement based on the oldest stock. The oldest stock on the books was issued in 1965 and there was a large consolidation in 1989. This included any and all stock from the beginning of time for the cooperative.

The total amount of stock dated between 1965-1989 was \$816,626.03. However, there was some overlap, so once you took out equity retired to the age 70 group for that time period, the number dropped to \$723,253.33, representing the oldest equity remaining on the books. We retired 30% of that amount, issuing 2,255 checks that totaled \$216,976.73.

Don't worry about doing the math, there will be no quiz.

Here is the great news! You would not believe how many customers we heard from who had no idea they (or their family) owned equity in Rocky Mountain Supply. There were also numerous calls from businesses, farms and ranches that wanted to thank us for this new retirement plan.

Where do we go from here? Balancing this new system each year will be a challenge. Right now, the board has earmarked another \$400,000 to retire at the end of 2019. We will retire the other 50% of the equity for the patrons who turned 70 in 2018. We will use the remaining amount towards the 1965-1989 block. It will not release the full amount, but a good share of it. Then, we would move onto 1990 and move forward after that.

The downside is that the age retirement does get stretched out a bit. Patrons who turn 70 in 2019, will now have to wait until 2020 to receive the first 50% of their equity, and so on.

However, according to the customer base, the dual equity plan was deemed a success in its first year. It may require more planning, more checks, more time, and...more math, but that's what we are here for. ♦

# Adding Value on the Farm

They say that necessity is the mother of invention. If that's so, maybe Howard Hensley is the father.

Actually, it was necessity that pushed Howard to try something new more than 30 years ago. "Back in the mid-80s, there was a glut of alfalfa," he recalls. "You couldn't sell it and if you did, you couldn't make enough on it. So, we were forced to try something different. At the time, all the feed mills were using alfalfa pellets in their rations but buying them from Canada. So, I decided to add value to our alfalfa by pelleting it, and we'd have a product to sell."



Howard and Tim Hensley

That's just what he did, building a pelleting mill from the ground up. Today, the Hensley's grow and pelletize alfalfa, run yearlings and plant seed potatoes and small grain. Their pellets come in two sizes—1/4-inch and the 5/8-inch version preferred by elk and bison. "Someone did a study and determined that the average tree branch an elk will bite off is 5/8-inch," Howard notes. "That's why they settled on 5/8-inch. We had the contract for the elk herd in Jackson Hole for several years, and bison feeders do like our pellets."

So do the many repeat customers who utilize their pellets, which have a quality and visual appeal that set them apart from others. "We strive for quality," says Howard. "Our pellets are durable and can

be handled, are a nice shiny green, weed free and have the protein content we say they do. The animals get addicted to them and perform well—that's why our customers keep coming back, and we appreciate that."

## History of innovation

When it comes to thinking outside the box, Howard had a leg up based on family history. At one point, the Hensley brothers (Howard's dad and his two brothers) and the Nelsons (his mother's side of the family) farmed 30,000 acres between Toston and the edge of what is now the Wheat Montana operation.

"Grandpa Nelson brought in the first TD-18 tractor in the state," Howard notes. "They would pull five 12-foot drills chained together. It would take the contents of an entire single-axle truck to fill the drills."

Today, Hensley Hay & Grain farms about 2,000 acres and produces 2,500-3,500 tons of pellets each year. As the master mechanic who created the process, Howard keeps it all running. He and his son, Tim, handle most of the production with one other hired man. Tim is also focused on expanding the seed potato side of the operation. "Idaho is famous for potatoes, but they get all their seed potatoes from Montana," Tim states.

The Hensleys have been loyal Rocky Mountain Supply customers through the years, purchasing fuel, fertilizer and supplies there. "We've done a lot of business there over the years and have always done well," Howard says. "We like the coop aspect of it. You feel like you have a voice in something. You're not just doing a business deal."

Part of the attraction may be the fact that agriculture has always been more than just a business to RMSI directors and management—just as it is to the Hensleys. "If you're looking at this as a job, you're not going to make it," Tim concludes. "This is a lifestyle, and Mother Nature is our boss." ◆

## MEET OUR NEW CREDIT MANAGER

*We'd like to officially introduce everyone to our new credit manager, Wayson Spencer. Here's what Wayson had to say about himself.*

I was born and raised in Honolulu, Hawaii. I left Hawaii in 1980, moving to Medford, Oregon, to manage a credit department. I then had the opportunity to move into the finance, financial services and insurance industry. I worked in that industry for almost 30 years—21 of them with one company—and specialized in working with seniors and retirees.

My wife, Sandy, and I have been married for 33 years, and have two grown daughters, three grandchildren and two Labrador retrievers! In 2017, Sandy and



I decided to sell our home of almost 32 years and move to Bozeman to be near our kids and grandkids. As much as I loved my previous career, I was ready for a change. Rocky Mountain Supply gave me the opportunity to represent them as their credit manager in January of this year. It's a change, yes, but more like coming almost full circle.

I am fortunate to have had great professional experiences over the years. That's why I can say with confidence and conviction that Rocky Mountain Supply provides a great opportunity for us as employees to make a positive difference in the communities we serve.

**Editor's note:** *Wayson and Sandy love the outdoors and can generally be found spending their free time camping with family, friends and dogs, taking road trips or hanging out at home listening to music and barbecuing.* ◆



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## Great Vendors Strengthen Customer Service

BY BILL BALLIET, RETAIL DIVISION MANAGER



One of the greatest factors that sets Rocky Mountain Supply apart is the people who serve our customers. We regularly highlight our associates, but in this article, I

would like to focus on another group of people who play a critical role in helping us deliver a high level of customer service—our vendors.

Some of the most valuable relationships we have are with our vendors, and over the years we've established many solid partnerships—some going back decades. As Rocky Mountain Supply continues to grow, we continue to develop new relationships while strengthening existing connections because of the value they bring to our customers and our company.

The commitments many of our vendors make in RMSI are impressive. For example, Arrowquip livestock handling equipment has, on several occasions, flown groups of our employees to their factory to provide information on their equipment. They then spend the afternoon on Arrowquip's ranch actually working with the equipment.

This past year, our store managers and the feed and animal health department

managers from our stores got together for a roundtable discussion with several of our vendors. Nick Campbell from Zoetis, Buck Reiner from Animal Health International and Cash Yount from CHS Nutrition spent the day talking with us about market trends and what we needed to do to be even better prepared to serve our customers.

Throughout the year, our stores work together to hold seasonal training events with some of our vendors, like CHS Nutrition, Alltech® and New Generation Supplements.

Vendor partnerships have also played a major behind-the-scenes role in the Belgrade store remodel. They have assisted us with the layout of our retail space, helped us determine which items are right for our market and provided direction on how best to merchandise those products.

Ultimately, RMSI customers enjoy improved service and a better shopping experience because of the commitment of our vendors. We appreciate their partnership and support, and, although they may not know it, so do our customers. ◆