

The Long View

John Moser created his own captive market

More than 20 years ago, crop producer John Moser knew Colorado's booming suburbs would constrain land expansion. Instead, this strategic thinker focused on value-added markets that helped him overcome the tyranny of low grain prices.

If ever John Moser has a bad day at work, he thinks of a photograph of his grandfather Chris Moser, who first settled eastern Colorado better than a century ago, after fleeing conscription in the Russian army.

The photograph shows Chris in the midst of an epic struggle to cut a 50-mile ditch, from a lake to the family homestead just south of Greeley, Colo. But it isn't just the 800 horses it took to cut the ditch or the years of their own, crushing immigrant labor that most impresses Moser. "It is the vision he had," he says. "They needed water to make that land productive. That ditch was the solution."

Talent for taking the long view is a trait that Moser, a runner-up in the 2001 Top Producer of the Year contest, has in common with his forebears. "John is simply the best strategic thinker I have seen," says his lender Dale Tanaka, vice president of American Ag Bank in Greeley. "He foresaw the downturn in commodity prices and positioned his operation to weather the problem."

In any case, Moser's strategy has transformed this century farm. Despite the geographic and production limitations of the Great Plains operation, Moser has ex-

By Laura Sands



PHOTO: PETE SILVA

Coloradan John Moser looks ahead years, even decades. The result is a master plan that built a standard \$100,000 family farm into a big business.

panded businesses and sales, growing from a two-family operation with sales of \$100,000 in 1970 to more than \$21 million in annual revenue today. A strategy of diversification and expansion also has freed Moser from the tyranny of commodity production.

A hardscrabble start. Initially, even survival was a struggle, remembers Ellen Moser, his wife and business partner. "We had very little money. I used to can 1,200

quarts of vegetables each fall. I ground our own wheat for flour and even made our own yogurt," she says.

That family farm work ethic is still the core of the Moser business. But today the Moser's empire employs more than 100 people and includes a 2,200-acre farm, a landscape supply business and a partnership in the largest dairy in Colorado.

All of this is the result of a patient, long-range plan to help mitigate the risk of commodity grain production here in what is known locally as a hail and tornado alley. Moser, who more than once watched a year of work vanish under a malevolent summer storm, knew the tandem of weather and price risk was deadly.

Moser confesses he didn't really believe the rosy forecasts for commodity prices he saw in the 1970s and then again in the early 1990s. "We are letting 30% of our grain market, our exports, determine the price we get," he says. "And the world has a lot more productive capacity than had been utilized."

PROFILE: John Moser, 55, Greeley, Colo.

FAMILY: Wife and partner, Ellen, and four grown daughters.

FARM OPERATIONS: Grew a two-man, \$100,000-a-year crop farm into a \$21 million business over 30 years. Today, he runs a 2,200-acre crop farm, is a partner in a 5,000-cow dairy, and operates a trucking and \$7 million ag byproducts sideline.

BIGGEST CHALLENGE: Overcoming high land values and ho-hum grain markets. Partnered in dairy to gain 30% return on investment and captive market for commodity grain and hay.

BIGGEST MISTAKE: "I was not aggressive enough," he says. Self doubt plagued him. "Opportunities were there but I didn't take advantage of them because I wasn't sure I was ready."

BUSINESS GOALS: Continue growth of high-return businesses such as dairy and ag byproducts.



But with land selling for \$3,000 an acre—thanks to urban sprawl from nearby Denver—Moser knew that expanding acreage on a standard corn, alfalfa, wheat and chipping potato operation wouldn't fly. "You wouldn't cash flow or get any return from your crop investment," he says.

At the same time, he wanted a market where he could get paid for his high-quality corn and hay crop, and not be penalized for his transportation disadvantage. If he didn't have that market now, he reasoned, he would build it himself.

In 1996, Moser partnered with two of the state's dairy pioneers and built what is now a 5,000-head operation, by far the largest in the state. Thanks to an aggressive milk-hedging strategy and strict cost control, the dairy has been able to capture returns "far and above the current \$11 to \$14 milk prices," says partner, Bill Wailes. That strategy proved fortuitous: Despite milk prices slumping 20% to 30% last year, the dairy has been able to stick to an aggressive debt pay-down plan. Its return-on-investment target of 30% is still on track.

Moser has benefited from the dairy in several ways— not the least of which is being the prime supplier for feedstuffs. "The farmers who have done well around here are hay producers serving the dairies," points out Wailes. "They typically net \$150 to \$200 an acre." Having a captive market has given Moser both a price and transportation edge. And, of course, as the dairy does well, so does his bottom line.

Moser figures the dairy has added \$200,000 in value to his farm's commodity output. And, he says, "it added synergy." He gets more use out of his farm equipment and also sells animal bedding to the dairy.

Diversify and conquer. Long before the dairy, Moser had a history of diversification. He and his wife began an animal bedding and landscape supply business in the mid-1980s. Initially started as a way to keep trucks and a few employees busy in the off-season, that business provided what Ellen says were "school-of-hard-knocks business lessons."

After several years, the animal bedding enterprise, which was primarily managed by someone else, was "bleeding the farm almost dry," says Ellen.

Puzzled by the disparity between sales and income, the family sent Ellen in to troubleshoot and manage it full-time. Soon they realized that the operation was very poorly managed. "We hadn't paid as much attention as we should have," says John.

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"It took us two years to regain our customer credibility and our financial ground," Ellen adds. But by the early 1990s, the couple was able to double their acreage. "That really was a turning point and the key to our long-term growth," Ellen says.

Problem solving. Over the years, the Mosers have learned to make lemonade from lemons. When nearby Denver began spilling into neighboring commuter communities, land became a champagne commodity. With crop prices near historic lows, however, most farmers were on beer budgets. Instead of battling these forces, Moser recognized that these problems were opportunities. If he could make use of his land assets and take advantage of untapped resources such as livestock and forest waste, Moser realized, he could capitalize on the building boom.

That business literally turned garbage into cash. Today, it generates more than \$7 million a year.

Learning to make something out of nothing was a shift in Moser's thinking, he says. "In the future one of the main forces going for agriculture is its land base and how we can use that to solve other people's problems," he says.

Moser's biggest challenge now is time. Moser's daughter Ivy and son-in-law Tim Smith, also are working in the farm and the landscape business. But at age 55, Moser sometimes pines for a less hectic lifestyle.

His cell phone rings so relentlessly that his accountant Ken Whitney says, "I ask John to leave his 'gun' at the door during management meetings."

Will the Mosers slow down? "Well, I hope so," Whitney says. "But I wouldn't count on it." And in fact, admits Moser, his goal is to be a \$50 million company. On tap are plans for a major expansion of the landscape supply business and more growth at the dairy. "I guess we aren't the kind of people to relax," Ellen says. They are too busy. ■

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