



#24-8 September 2025

Sweat Equity or Just Sweat?

Many start-up entrepreneurs take two to three years before they draw a consistent wage or salary from their business. But the timeline varies significantly based on the industry, initial investment and market conditions. For the beef industry, the timing when you enter the cattle cycle can have a significant impact. This is often called the "sweat equity" period when you are foregoing current income with the expectation that future earnings will occur.

However, even after this initial phase, many operations, particularly those that are family-based, rely heavily on unpaid labour — often from aging or off-farm-working family members—which can mask the true cost of production. At this point, an operation must ask: are they building equity or just sweating?

Total labour costs—both paid and unpaid—represents a significant portion of cow-calf total production costs (cash, depreciation, opportunity costs). On average, labour accounts for 17% of the total production costs, with a range from 5% to 34%. This highlights the substantial impact that labour (comprised of hours per cow and wages) has on the profitability and viability of cow-calf operations. Accurately tracking and valuing both paid and unpaid labour is essential for making informed financial decisions, enhancing labour efficiency, and improving overall financial performance. The COP Network examined the relationship between herd size, calving season, profitability, wages and overall labour costs.

You have to pay yourself what it would cost you to replace yourself. It's the only way to know if your business is really profitable. Otherwise, you're subsidizing the ranch with free labour. ~ Dave Pratt

Total labour costs averaged \$333 per cow, with 15% (or \$51) attributed to paid labour and 85% (or \$282) to unpaid labour. Labour costs varied significantly, ranging from \$73 to over \$1,000 per cow. The lower end of the range is associated with larger herds or farms that purchased all or a portion of their winter feed, reducing the labour required for forage production. However, this comes with the trade-off of higher feed purchasing costs. Conversely, farms at the higher end of

What is the COP Network?

The Canadian Cow-calf Cost of Production Network (COP Network) uses standardized data collection which allows for comparison both within and between provinces, and internationally. Since launching in 2021, the COP Network has collected data from over 235 producers contributing to 64 cow-calf benchmark farms that represent various production systems. Each benchmark is based on data from 3-7 producers. Data collection occurs every 5 years with annual indexing of input and output prices, as well as crop and forage yields, in subsequent years. Individual benchmark farm summaries, can be found at:

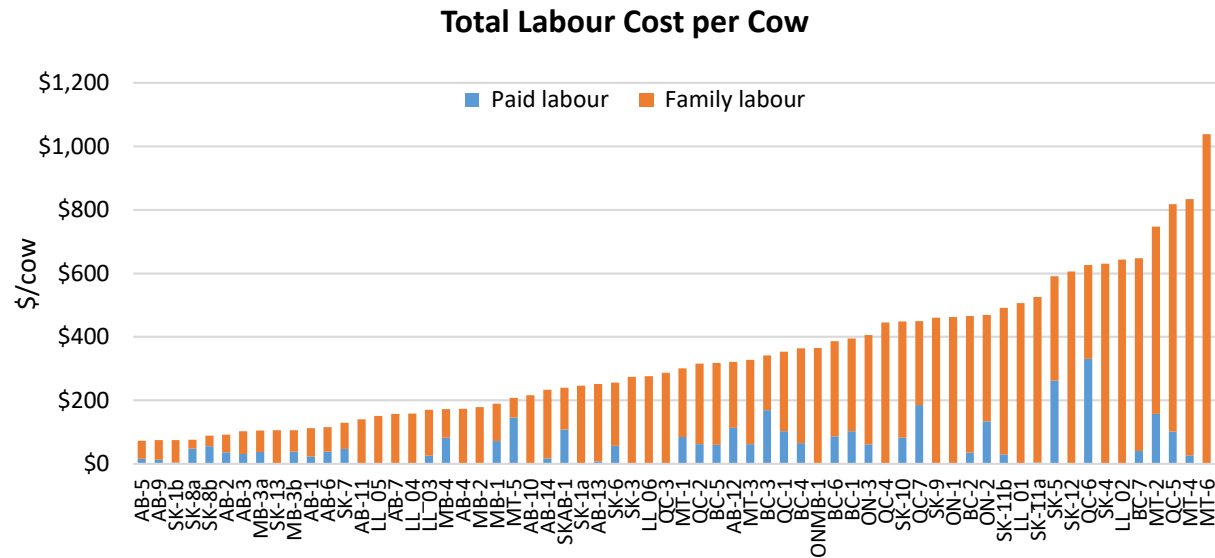
<https://canfax.ca/resources/cost-of-production/cop-results.html>

the labour cost spectrum are driven by more labour hours associated with small herds and/or have a longer calving window.

Labour costs also vary by profitability group, following a pattern similar to labour intensity (hours per cow). Low-profit farms have an average labour cost of \$530 per cow, while medium-profit and high-profit farms report significantly lower average costs of \$328 and \$143 per cow, respectively. The difference in their means, for each of these groups, is statistically significant.

2024 Metrics	Low-Third	Medium-Third	High-Third	Average	Range
Paid labour wages (\$/hr)	\$21	\$22	\$22	\$21	\$13-29
Unpaid labour wages (\$/hr)	\$24	\$23	\$19	\$22	\$12-35
Hours per cow	22.9	15.0	7.8	15	2.8-43.3
Labour cost (\$/cow)	\$530	\$328	\$143	\$333	\$73-1,038

Note: The benchmark farms were divided into Low, Medium and High profit groups based on *long-term profitability* (to include unpaid labour). Long-term profitability is revenue minus total production costs including cash cost, depreciation, unpaid labour and opportunity cost on land and capital.



Wage

Paid and unpaid labour wages averaged \$22 per hour in 2024, with a wider range for unpaid labour. Unpaid labour wages were estimated by asking producers what it would cost to hire someone to perform the same tasks.

However, it is important to note that many producers do not consistently track their own labour hours, making it challenging to assign a precise value to their work. Additionally, producers often find it difficult to quantify the value of their own labour, as it involves a blend of

Sometimes, annual wages assume the business is also providing other perks like housing, vehicles, insurance, etc. These non-monetary payments should be clearly understood as part of the ‘total wage’ with a value put on them. Without this, cash wages are not comparable to off-farm.

managerial, operational, and hands-on tasks that are not easily comparable to market wages. This subjectivity can introduce variability in labour cost estimates, particularly for unpaid labour.

Labour Hours

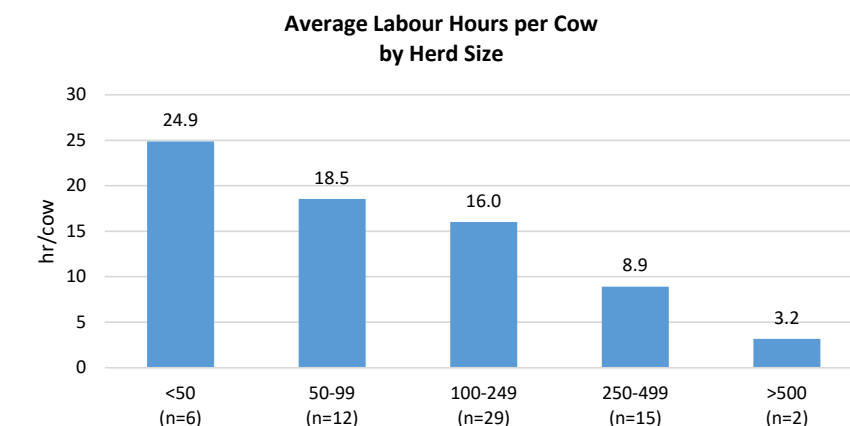
Labour intensity averaged 15 hours per cow, with a broad range from 2.8 to 43.3 hours. In comparison, a 2018 USDA study¹, based on the Agricultural Resource Management Survey, reported an average of 19.2 total labour hours per cow, including both paid and unpaid labour. A possible factor contributing to the lower labour intensity in the COP Network is its larger average herd size. The COP Network's average herd size is 202 head, compared to 100 head in the US study.

Beef cattle operations rely heavily on unpaid labour, with 83% (12.6 hours) of total labour being unpaid and only 17% (or 2.6 hours) being paid labour. Close to one third (29% or 19) of benchmark operations reported having no paid labour at all. This indicates that labour hours or labour cost primarily translates into opportunity costs for the producer. A key question, therefore, is whether the business generates enough income to compensate the operator for the unpaid hours they put into the farm.

Herd size

Economies of scale are a major driver, where operations with less than 50 cows invest an average of 25 hours per cow, while herds of 500 or more cows averaged 3 hours per cow. Similar trends are observed in the USDA study, with labour hours dropping from 43.7 hours per cow on farms with 20-49 cows to just 7.2 hours on farms with more than 500 cows. This consistency across studies reinforces impact of herd size on labour intensity.

Many tasks such as developing a herd health management plan, gathering animals to move to corrals or rotate between pastures, and working on herd records frequently take a similar amount of time regardless of herd size, or only modestly more for larger herds. In addition to spreading time over more animals, larger herds may also adopt more streamlined processes, utilize specialized equipment, and distribute labour more efficiently. Producers expanding their herds must also consider infrastructure capacity, labour availability, and management complexity.

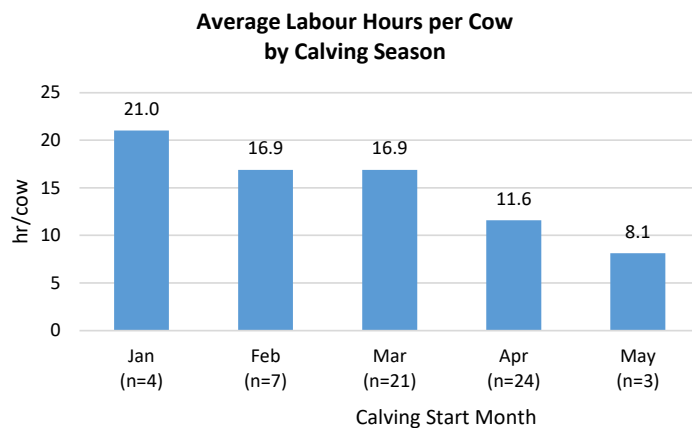


Source: Canadian Cow-calf Cost of Production Network

¹ Gillespie, J., Whitt, C., & Davis, C. (2023). Structure, management practices, and production costs of U.S. beef cow-calf farms (Report No. ERR-321). U.S. Department of Agriculture, Economic Research Services <https://ers.usda.gov/sites/default/files/laserfiche/publications/107013/ERR-321.pdf?v=39030>. Accessed on February 28, 2025

Labour intensity by calving season

Labour intensity can be influenced by the calving season, as different seasons require varying levels of management. According to Manitoba Agriculture², total labour requirements are highest for winter-calving operations. Fall-calving operations require approximately 10% less labour, spring-calving operations 20% less, and summer-calving operations about 25% less.



Source: Canadian Cow-calf Cost of Production Network

The COP Network data shows a general downward trend in labour requirements from January to May calving. Some benchmark farms in the COP Network calve in June, September, or both Spring and Fall. However, these groups are too small to be representative and are therefore excluded from this analysis.

Reducing labour intensity can enhance profitability

The difference in the **hours per cow**, for the low-, medium- and high-profit groups, was statistically different, suggesting that more profitable operations achieve greater efficiency, likely due to factors such as improved herd management, economies of scale, better infrastructure, or the adoption of labour-saving technologies.

There is no secret to success. It is the result of preparation, hard work and learning from failure. ~
Colin Powell

Reducing labour intensity can enhance profitability by lowering overall production costs and allowing producers to allocate time and resources more effectively. However, labour efficiency alone does not guarantee higher profits; other factors such as herd size, management practices, market conditions, and input costs also play a role in overall financial performance.

Strategies to reduce labour:

1. Simplify feeding and watering

- For smaller herds consider providing multiple days of feed at once.
- Evaluate how many times winter feed is handled (e.g., swathing, raking, baling, hauling, stacking, etc.) and identify ways to minimize this.
- Consider the alternative cost and options (e.g., water development) compared to hauling water to remote pasture locations.

2. Streamline calving management - implement a tighter calving season. Use herd sires with calving ease to reduce need for interventions.

² Manitoba Agriculture, When Should I Calve My Cows?

<https://www.gov.mb.ca/agriculture/livestock/beef/when-should-i-calve-my-cows.html#:~:text=Estimates%20on%20infrastructure%20costs%20would,with%20about%2025%25%20less%20labour.>

Accessed on February 28, 2025

3. **Develop a flexible but clear Grazing Plan** - reduce scouting or 'guessing' where to move cattle to next. Consider where permanent cross-fencing would help save time.
4. **Combine tasks** (e.g., vaccinate, tag) - process all cattle at once versus individually.
5. **Train cattle for low-stress handling** - make the experience less stressful for both the cattle and people. Cull problem cattle that are repeat offenders (e.g., poor mothering, bad temperament).
6. **Record keeping** - develop a system (e.g., spreadsheets, management app) that allows you to enter the date once, then be able to utilize it for decision making. Minimize multiple data entry points.

Key Takeaways:

- Labour costs represent a significant portion of production expenses (cash, depreciation, opportunity).
- Labour intensity averages 15 hours per cow, with significant variation based on herd size and management practices.
- Larger herd sizes benefit from economies of scale, reducing labour hours per cow.
- Higher profitability is associated with lower labour intensity (less hours per cow).
- Accurately tracking and valuing of both paid and unpaid labour is necessary for making informed financial decisions, enhancing labour efficiency, and improving overall financial performance.
- If using sweat equity as part of a succession plan, deferred wages should be calculated into your balance sheet to determine the true profitability of the ranch and transparently value that work. This can avoid misunderstandings down the road.



Know Your Market Before You Haul!

Stop Guessing. Start Profiting!

As a cow-calf producer, every dollar counts. With a Canfax membership, you get access to timely, reliable market reports so you can market your calves with confidence.

Membership benefits include:

- ✓ Weekly cattle prices and seasonal trends
- ✓ Weekly market analysis tailored to Canadian producers
- ✓ 3 webinars per year
- ✓ Monthly Market Sense for Cow-Calf producers

CanFax helps you make data-driven moves — not costly guesses!

Canfax is funded by Memberships: [Subscribe Now!](#)

Or Scan the QR Code for details how



Disclaimer / Copyright Notice: Canfax Research Services (CRS) tries to provide quality information, but we make no claims, promises, or guarantees about the accuracy, completeness, or adequacy of the information. CRS does not guarantee and accepts no legal liability arising from or connected to, the accuracy, reliability, or completeness of any material contained in our publications. Reproduction and/or electronic transmission of this publication, in whole or in part, is strictly forbidden without written consent from CRS.