CANADIAN COW-CALF COST OF PRODUCTION
COP NETWORK

#25-3 September 2026

# Whole-Farm Financial Benchmarks: *Set the profit goal first*

Record cattle prices can make almost any operation look profitable. But high prices can also hide inefficiencies. As the cattle cycle moves into its next phase, protecting equity and building a strong financial position will become more important.

Farm Management Canada's 2015 *Dollars and Sense* study found a clear link between farm financial performance and good business management practices regardless of producer and production demographics. Having a written business plan, monitoring the cost of production, and keeping an updated budget and financial plan were found to increase profitability between $10,000 and $160,000.

This means that management is the key to success. The first step is to set a financial goal. Then work backwards to determine what the operation needs to do to reach it.

**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 200 producers contributing to 60 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](https://canfax.ca/resources/cost-of-production/cop-results.html)

## Know what you are aiming for

Looking back at your financial performance can be difficult, especially if you are not where you want to be. The good news is that you can change the direction of your business.

"Setting goals is the first step in turning the invisible into the visible."
"Goals are like magnets. They'll attract the things that make them come true."

Start with the end in mind. Set a profit goal first, then work backwards. What changes will your operation need to make to reach that goal?

The path will look different for every farm. It may mean making major changes to your cost structure or enterprise mix. Or, it may mean taking small, steady steps toward a stronger business.

The choice is yours. Set a clear goal, take deliberate action and adjust along the way. Do not let setbacks stop you. Find mentors and peers who can help you stay accountable, learn from challenges and keep moving forward.

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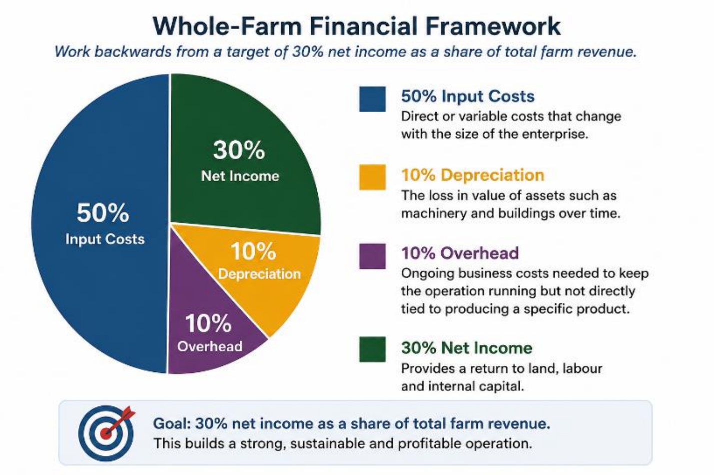
## A Whole-Farm View

Every farm is different. The COP Network includes operations with different herd sizes, enterprise mixes and levels of off-farm income. Many operations also use diversified income sources as a risk-management tool. Because of this diversity, whole-farm financial benchmarks provide a broader view of financial performance. This reflects the ability to earn revenue relative to operating costs and asset base.

The COP Network works backwards from a target of **30% net income as a share of total farm revenue**:

- **50%** for input costs
- **10%** for depreciation
- **10%** for overhead
- **30%** for net income




Inputs are direct or variable costs that change with the size of the enterprise. Depreciation reflects the loss in value of assets such as machinery and buildings over time. Overhead includes ongoing business costs needed to keep the operation running but not directly tied to producing a specific product.

***Why a 30% net income target?*** The 30% net income target is intended to provide a return to land, labour and internal capital. While opportunity costs are included at the enterprise level in the COP Network, they are not at the whole-farm level. This requires a profit target at the whole farm level to account for the return to assets.

## Benchmark Against the Best, Not the Average

One important point: COP Network benchmarks are not based on the most productive farms. They are based on the most profitable farms. Financial benchmarks come from the **top one-third of farms based on medium-term profit**, not the average.

The bottom two-thirds had average net income equal to **17% of total farm revenue** in 2025. These farms were still making money on average, but some continued to struggle because depreciation and overhead costs were much higher than on top-third farms. The higher percentage of input costs for the top-third farms was driven by the crop and retained ownership enterprises, reflecting the greater diversity of on-farm income sources.

| Financial Benchmarks | Total AVG | Bottom 2/3 | Top 1/3 | Difference |
|---|---|---|---|---|
| Input Costs % of Total Farm Revenue | 43% | 43% | 42% | -3% |
| Depreciation % of Total Farm Revenue | 9% | 10% | 7% | -27.5% |
| Overheads % of Total Farm Revenue | 11% | 13% | 8% | -43.7% |
| Net Income % of Total Farm Revenue | 39% | 17% | 46% | 173% |

The biggest opportunities are not always in production. Depreciation and overhead can have a major impact on the bottom line.

## How do you compare?

Benchmarks are not meant to put every farm into the same box. They are a starting point for identifying opportunities to become more competitive and financially resilient.

Start by asking three questions:

**1. Are you happy with your net income as a percentage of total farm revenue?**

If yes, congratulations. You have a strong starting point.

**2. If not, where are your costs different from the benchmark?**

If depreciation or overhead is well above the **10% benchmark**, ask whether your farm structure supports those costs. Are they necessary investments, or are they expenses the current business cannot support over the long term?

If input costs are well above the **50% benchmark**, ask why. Do those costs support higher productivity, or are they hiding deeper problems?

**3. If your costs are under control, is revenue the opportunity?**

If the cost structure is working, look at whether better marketing could increase income.

## Set a Financial Goal

There is no single financial plan that works for every farm. Start with the result you want and work backwards. Ask yourself:

- How much income do I need to meet my financial goals?
- What am I producing—calves, yearlings, breeding stock or something else—and at what price?
- How many head do I need to produce to reach my goal?
- Is the goal realistic for my operation?
- What is my plan to get there?

> "One reason so few of us achieve what we truly want is that we never direct our focus; we never concentrate our power."

## The Take-Home Message

**Set the profit goal first. Then make the operation fit the goal.**

Know your numbers, compare them with the right benchmarks and identify where change will have the biggest impact. You do not need to change everything at once. **Small, deliberate improvements can move the whole farm in the right direction.**

For more information, see the Beef Cattle Research Council's, [Financial Record Keeping] modules.

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