

# Michigan Future Business Index

## Q2 2025

**Chris Holman**

Founder & CEO  
Michigan Business Network

ROI  INSIGHT



# Michigan Future Business Index

## Methodology

- Statewide survey of 644 small to medium-sized businesses; 514 completed the survey
  - **Mixed-mode survey, conducted online and by phone**
- Commissioned by Cinnaire & Michigan Business Network
- Conducted by ROI Insight
  - **Data Collection: May 19 through June 30, 2025**

# Key Takeaways

- Concerns over inflation and tariffs are increasing, as small businesses assess their challenges to doing business in Michigan.
  - Acquiring and retaining talent remains the top challenge, by a significant margin.
- Less than half are now optimistic about the results of the presidential election and how it will impact their business. That's a significant drop from sixty percent (60%) six months ago.
- The former progress of all indicators for the past six months (sales, profits, hiring, wages and investments) has deteriorated. Profit, sales and investment increases are now at an all-time low.
- Concern over the impact tariffs is creating uncertainty and a drag on confidence in the business economy and growth.
- Optimism for future business growth is fueled by customer demand, new opportunities, and the resilience Michigan's small businesses.

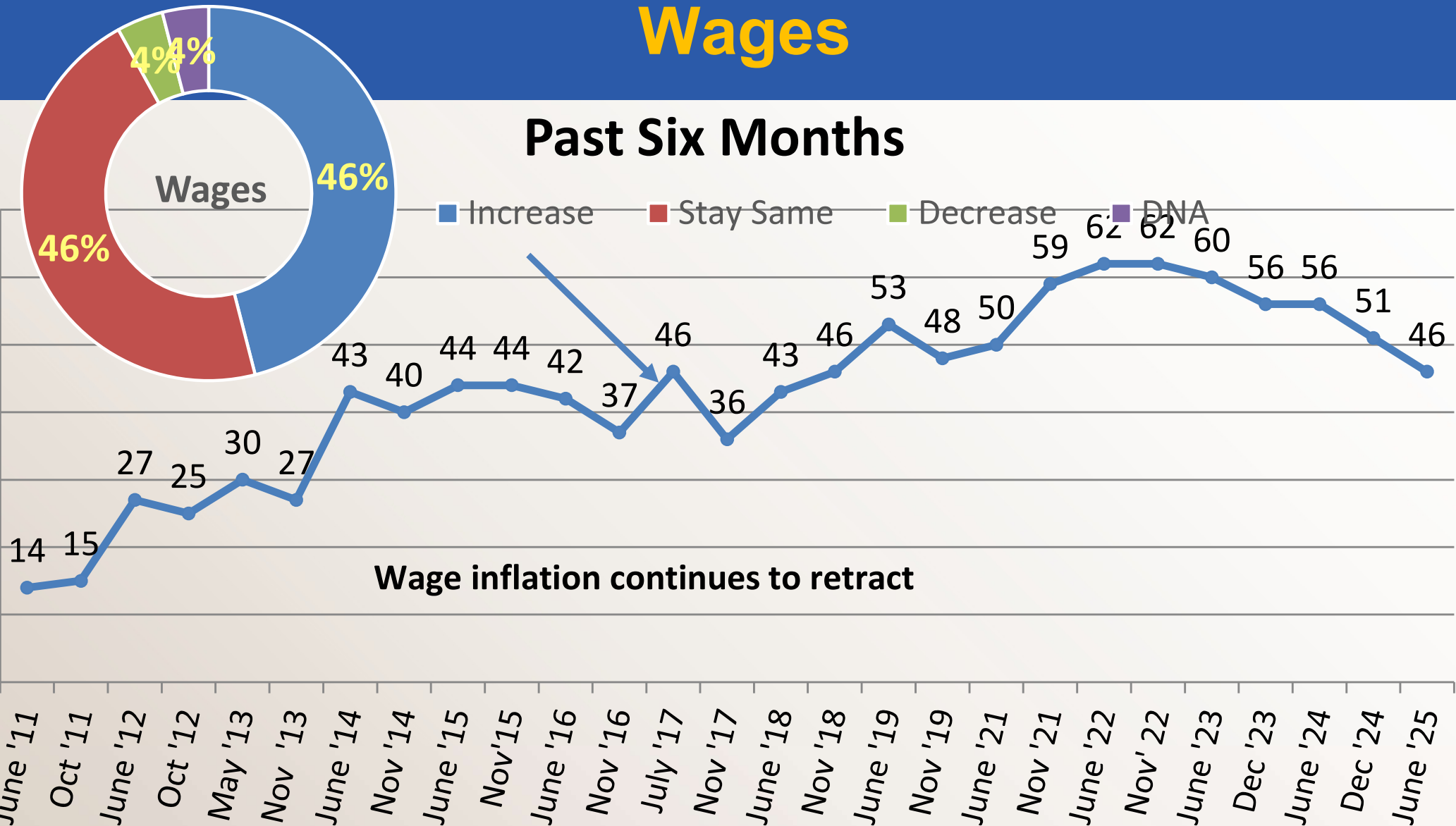
# The Past Six Months

- All indicators turning sharply downward in the past six months.
  - Profit increases dip to a record low
    - Only sixteen percent of respondents (16%) report profit increases. That is a record low for the MFBI.
  - Wage increases continue downward
    - Fewer than half (46%) say their employee wages have increased in last six month. That's ten points lower than this time last year.
  - Sales increases dip to a record low
    - Fewer than thirty percent (26%) say sales have increased in the last six months. That is a record low for the MFBI.
  - Hiring remains at its lowest point in the past dozen years
    - Fewer than two in ten (17%) say they have hired new employees, down four points from one year ago.
  - Investments drop to record low
    - Fewer than twenty percent (17%) increased capital investments. That is a record low for the MFBI.

# Trending The Indicators:

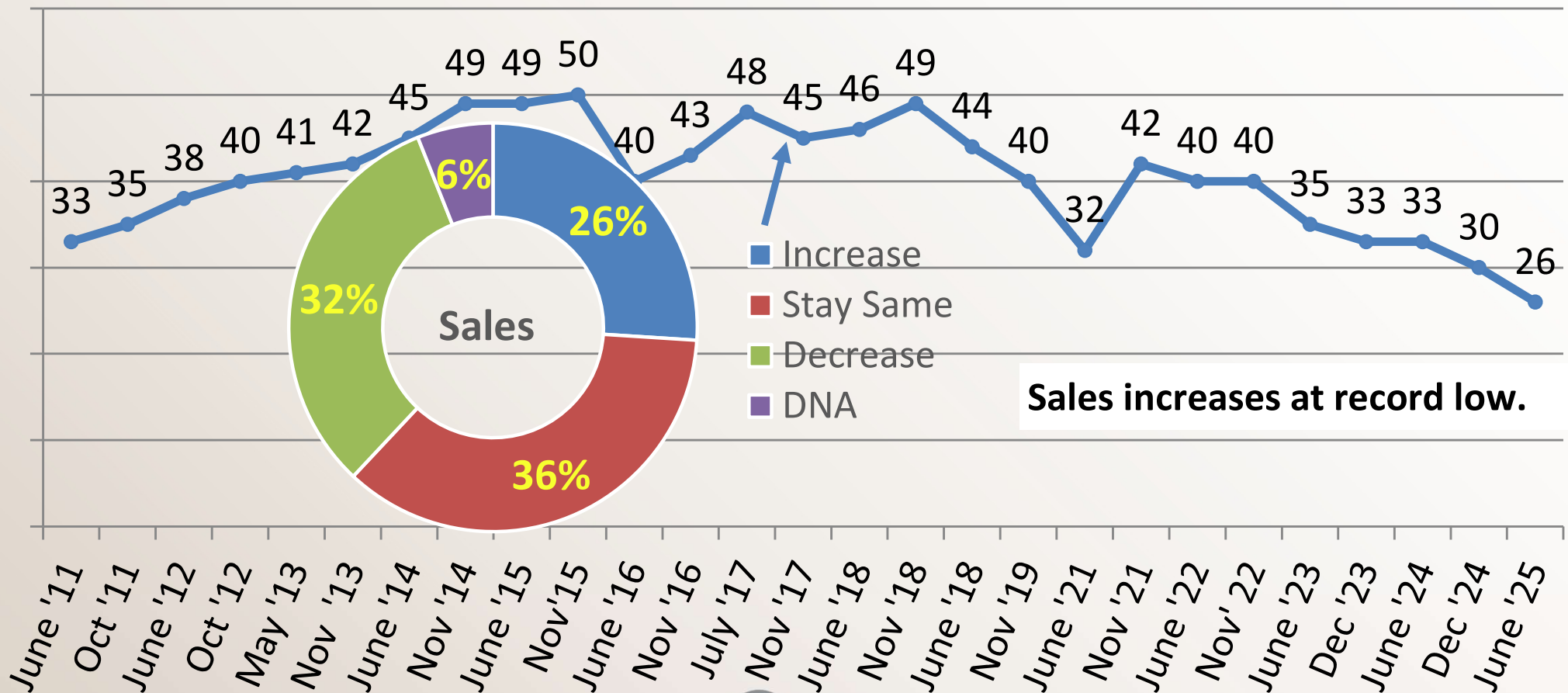
## Wages

### Past Six Months



# Trending The Indicators: Sales

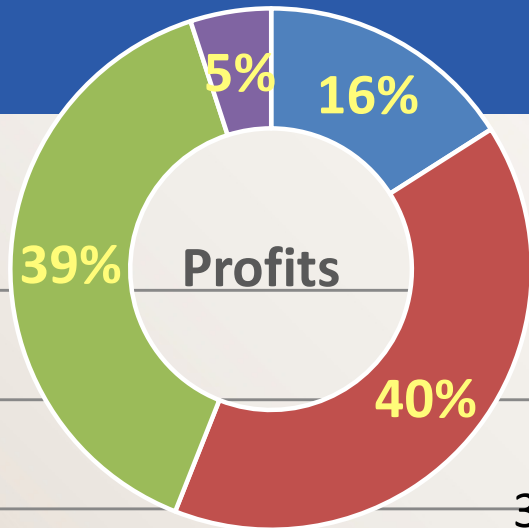
## Past Six Months





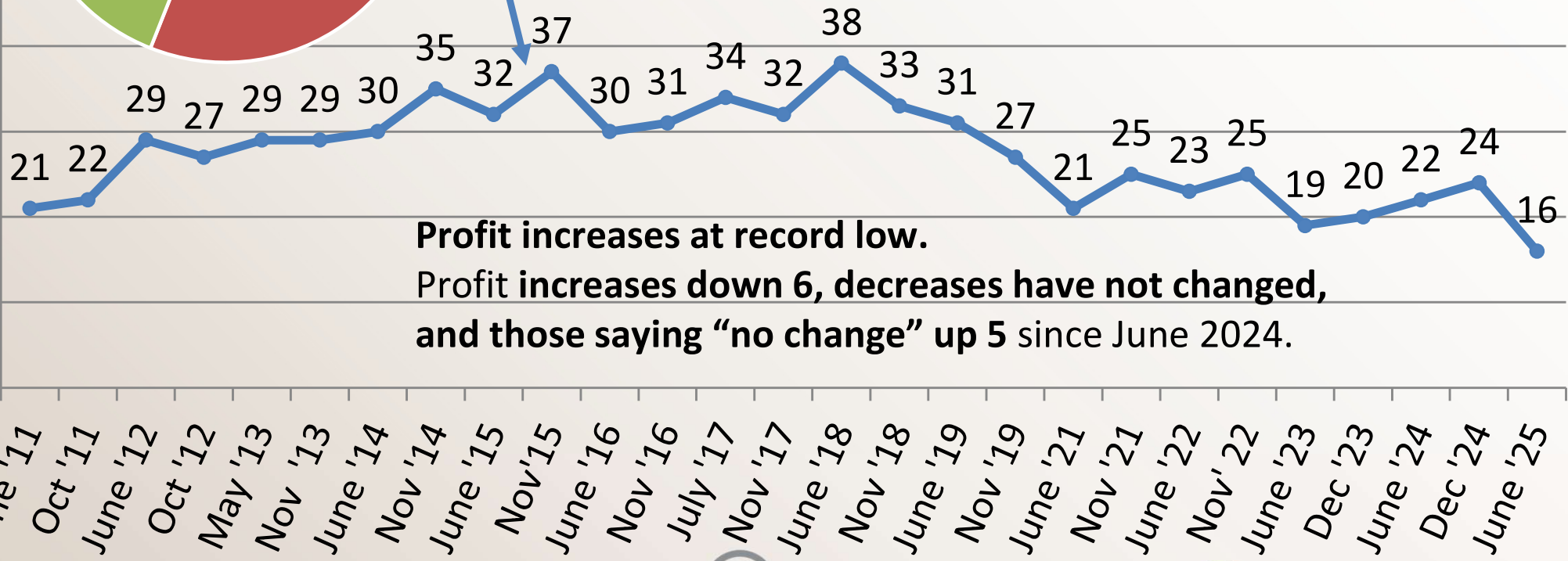
# Trending The Indicators:

## Profits



### Past Six Months

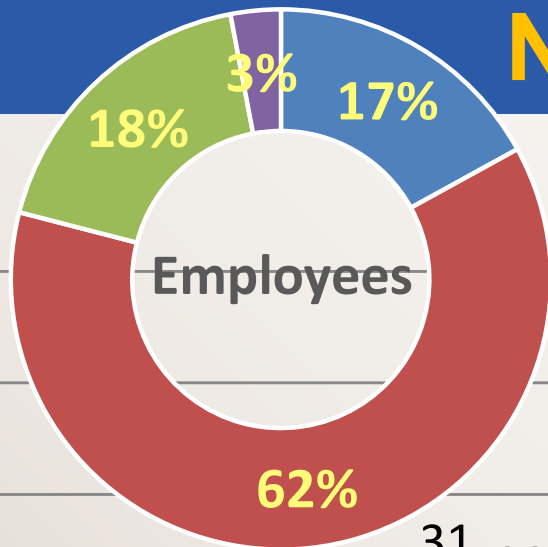
■ Increase ■ Stay Same ■ Decrease ■ DNA



**Profit increases at record low.**

**Profit increases down 6, decreases have not changed,  
and those saying “no change” up 5 since June 2024.**

# Trending The Indicators: Number of Employees



## Past Six Months

■ Increase ■ Stay Same ■ Decrease ■ DNA



Those reporting a **decrease** in employees up one from one year ago, while those saying “**stayed the same**” up 3, and those reporting **increases** down 4.

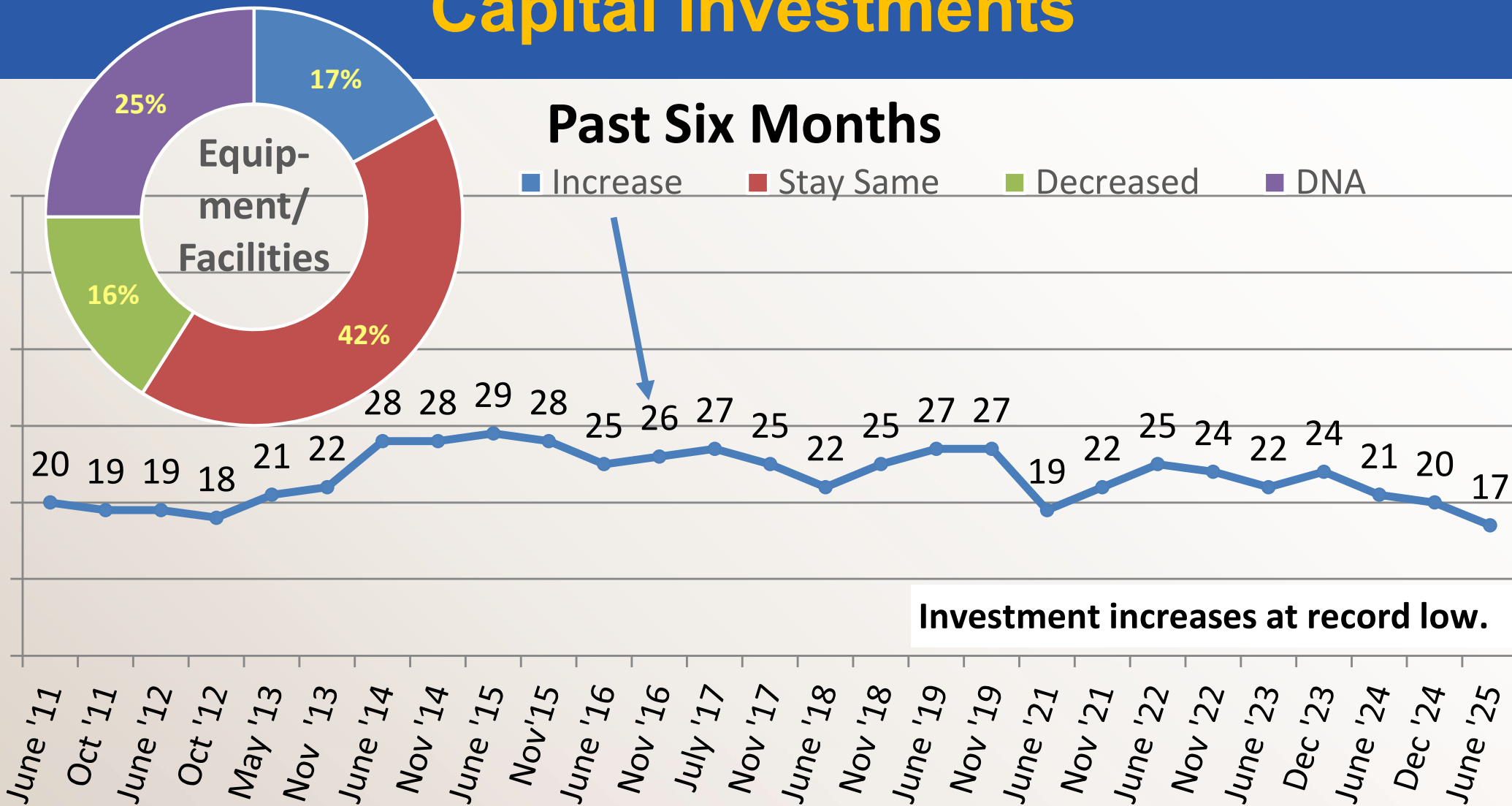


# Trending The Indicators: Capital Investments

## Past Six Months

■ Increase ■ Stay Same ■ Decreased ■ DNA

Equip-  
ment/  
Facilities



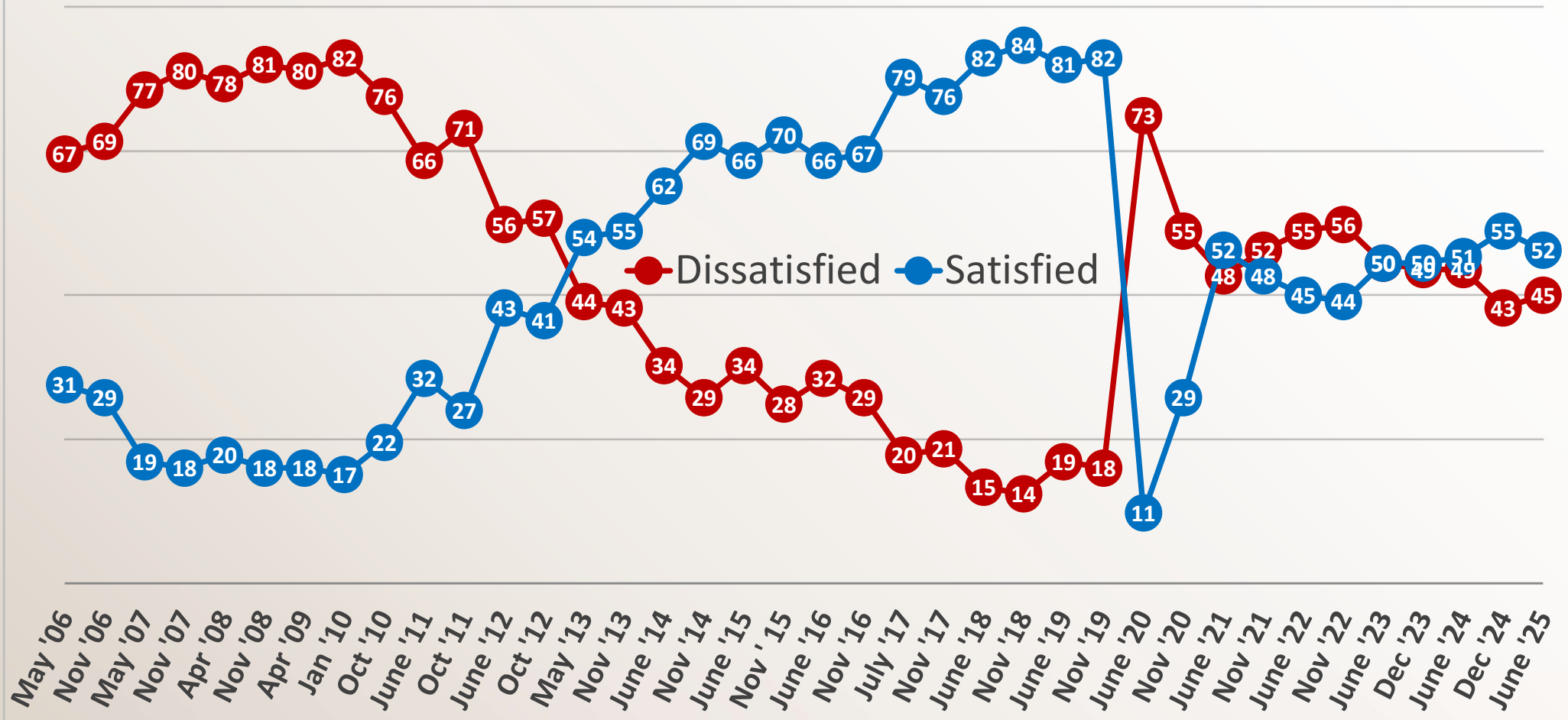
Investment increases at record low.

# Satisfaction with Economy

- Satisfaction with the business economy shrinks slightly with now a slight majority (52%) saying they are satisfied with the economy. The margin between satisfied and dissatisfied shrinks from 12 points in December to 7 points now.
  - **52% say they are satisfied with the economy; 40% somewhat and 12% very satisfied**
    - **Up from 51% one year ago**
  - **The percentage of those saying they are dissatisfied with the economy rose slightly to 45%; 33% somewhat and 12% very dissatisfied**
  - Business/Professional Services sectors (59%) are most satisfied with the economy, while Financial/Real Estate sectors are now most dissatisfied (58%).

# Satisfaction with Economy Trends

## As it Affects Your Business



# Greatest Challenges To Doing Business

“Talent” the #1 position. “Inflation” up one point.

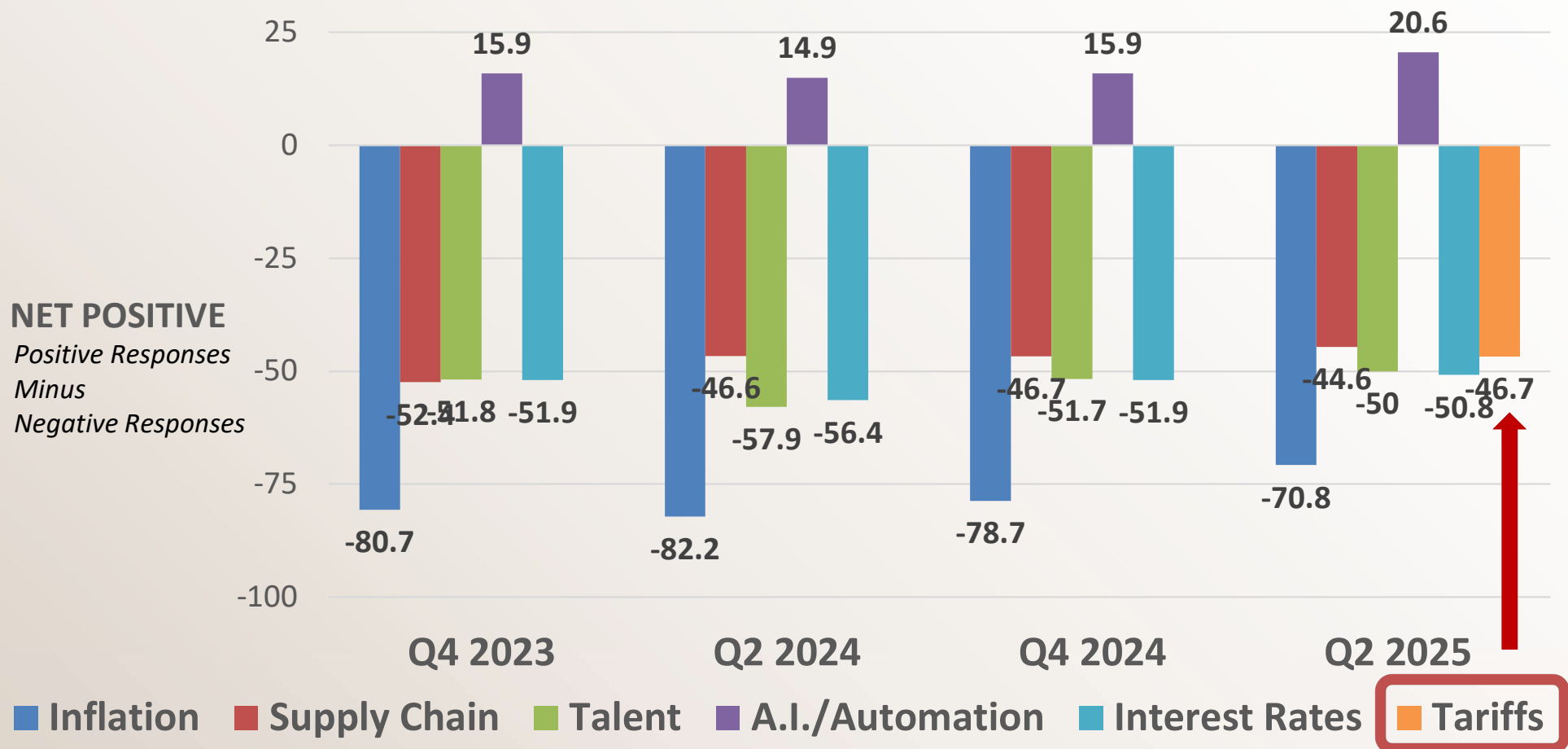
“Finding customers” stays in third place. Tariffs up six points.

Since Q4 2024

Acquiring/Retaining Talent	19%	-1
Inflation	12%	+1
Finding/Retaining Customers	11%	No Change
Government Regulations	7%	-3
Economy Weakening	9%	No Change
International Trade/Tariffs	9%	+6
Cost of Health Insurance	5%	-2
Interest Rates/Access to Capital	5%	-1
Taxes	4%	-1
Wage Inflation	3%	-2
Keeping Up With Technology	2%	-1

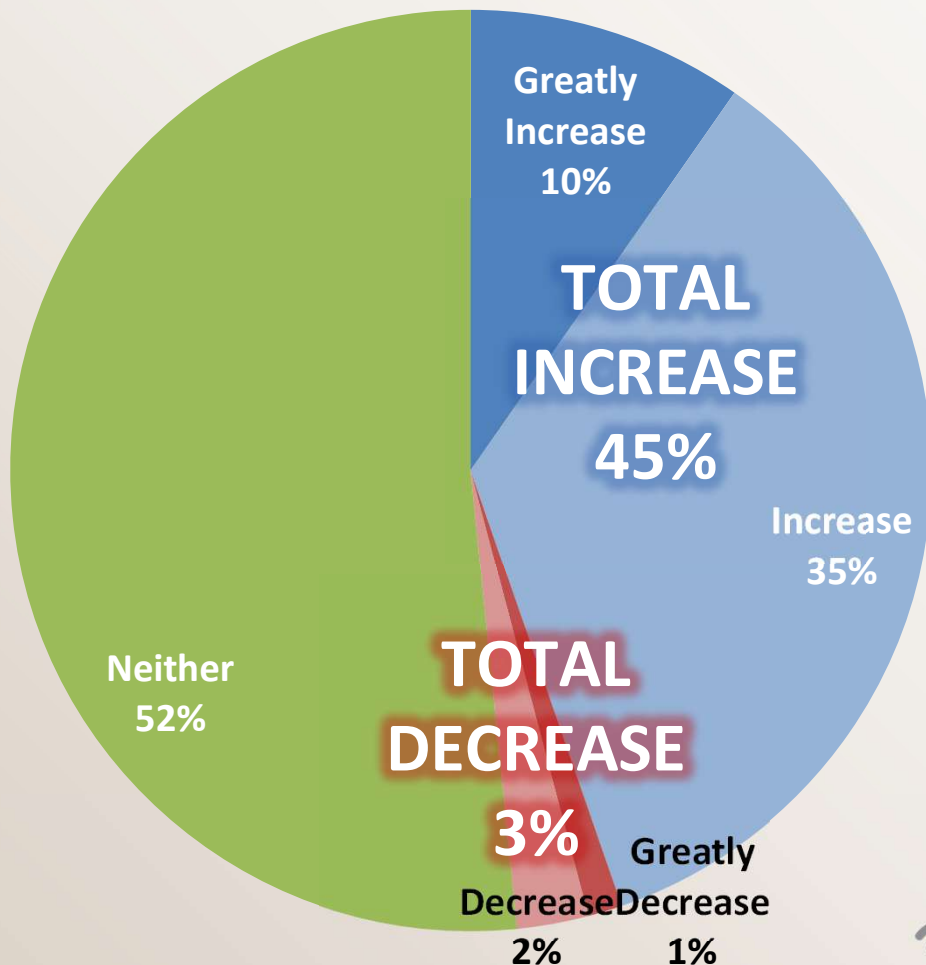
# Issues Impacting Small Business: Tariffs Debut at Negative 47

How are the following issues currently impacting your business:

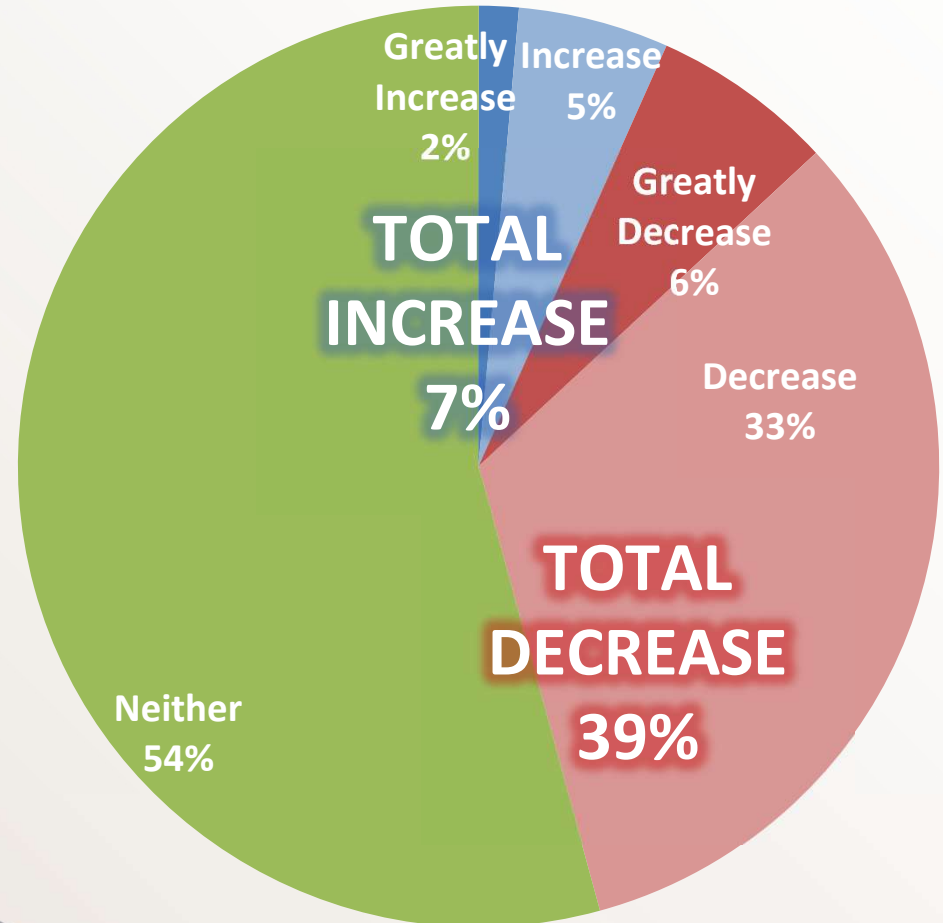


# The Perceived Impact of Tariffs On ...

## CUSTOMER PRICING



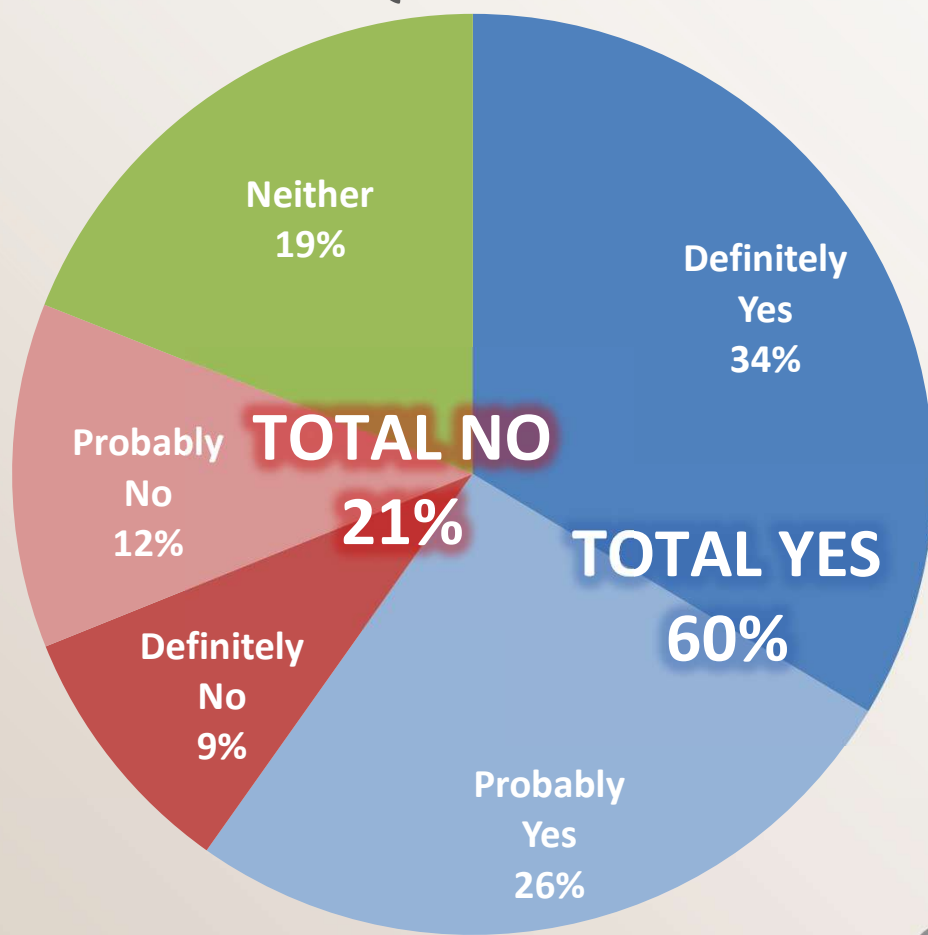
## PROFIT MARGINS



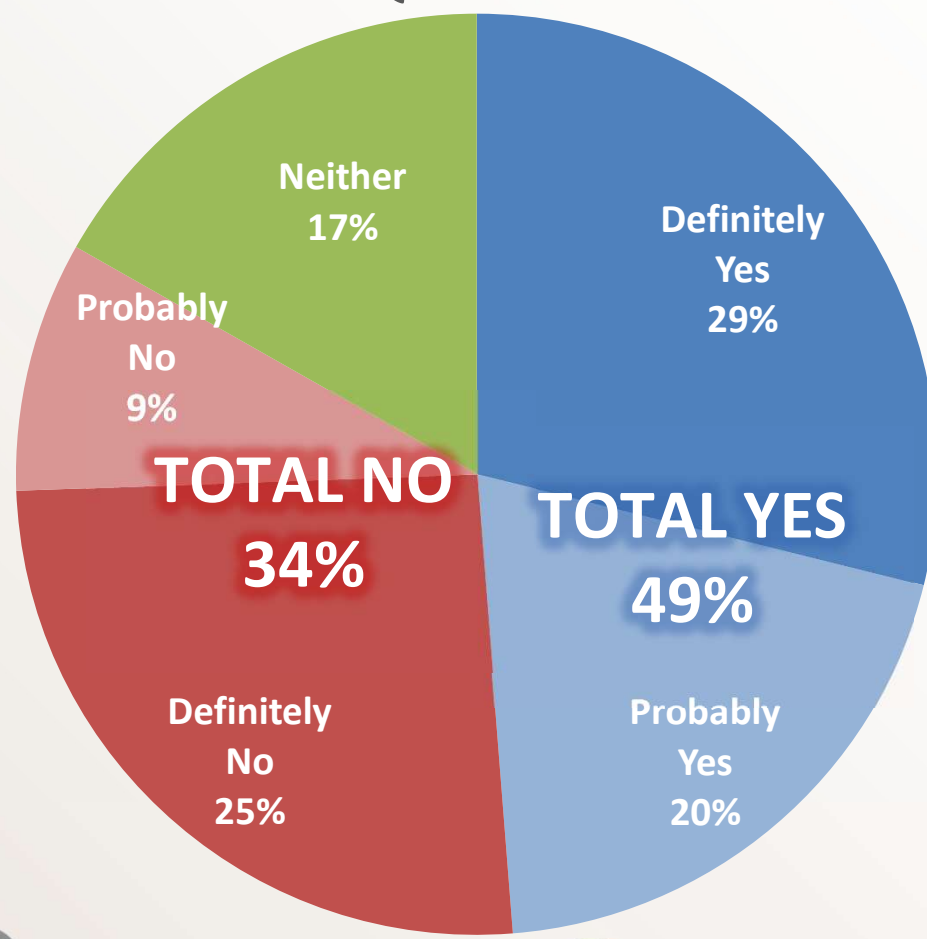


# Do you think the results of the recent presidential election are beneficial for your business?

Q4 2024



Q2 2025



# Greatest Reasons for Optimism

## Demand, Growth, and New Opportunities

Since Q4  
2024

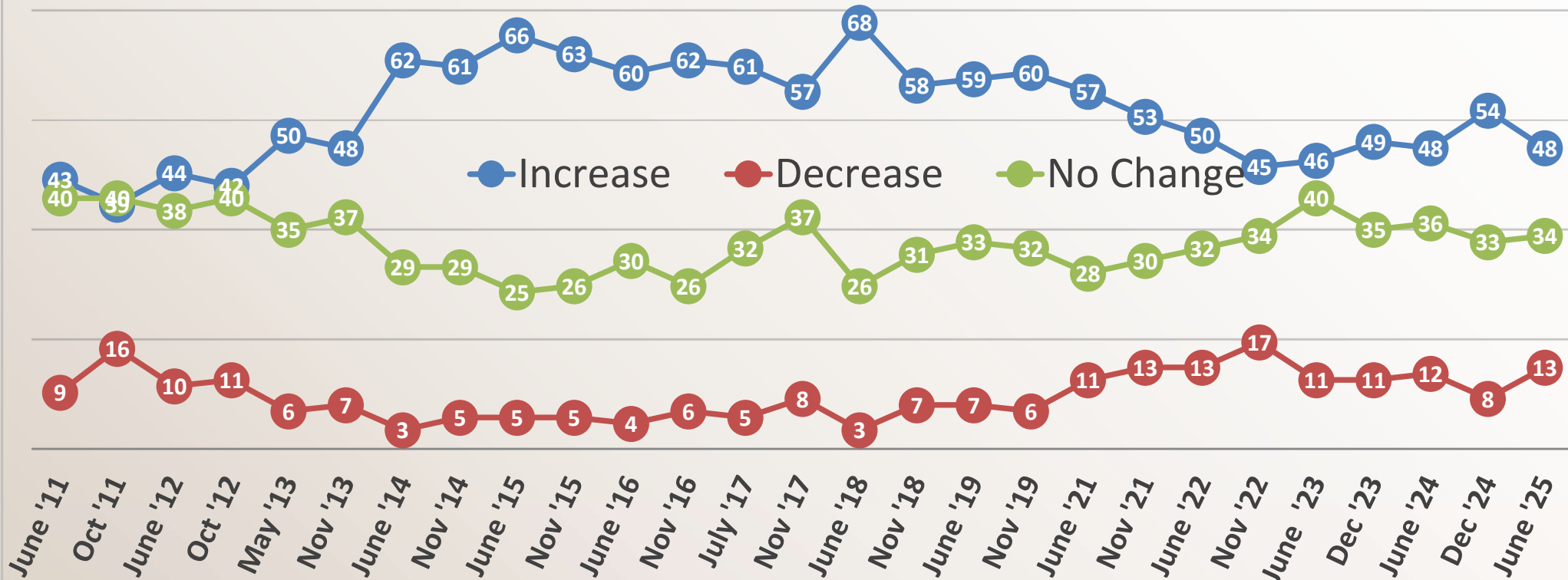
Demand For Our Quality Products/Services	22%	+6
Business Growth/Expansion	15%	No Change
More/New Opportunities	13%	+4
The Economy	12%	No Change
My Staff/Team/Employees	11%	No Change
Elections/Politics/Hope For Reforms	11%	-7
Longevity/Resilience/Nimble/Still Going	11%	+2
Great/Loyal Customers	10%	-2
Generally Optimistic/Well Positioned	2%	-10

# Sales & Profit Projections Lose Momentum

- Projections for sales and profits retracting.
- Projections for decreased profits and sales both up sharply.
  - Projected sales growth is back down to 48% – where it was one year ago. Expectations for sales decreases up to 13% – one point higher than one year ago.
  - Projected profit growth is back down to 38%, where it was one year ago. Twenty percent (20%) expect profits to decline in the next six months, unchanged from one year ago.
- Expectations for sales growth is again highest in the Business/Professional Services sectors (59%) and lowest in the Health Care/Non-Profit sectors (39%).
- Profit increases are most expected in the Business/Professional Services sectors (46%). Real Estate/Insurance/Finance sectors are as likely to expect profit decreases (30%) as increases (30%).

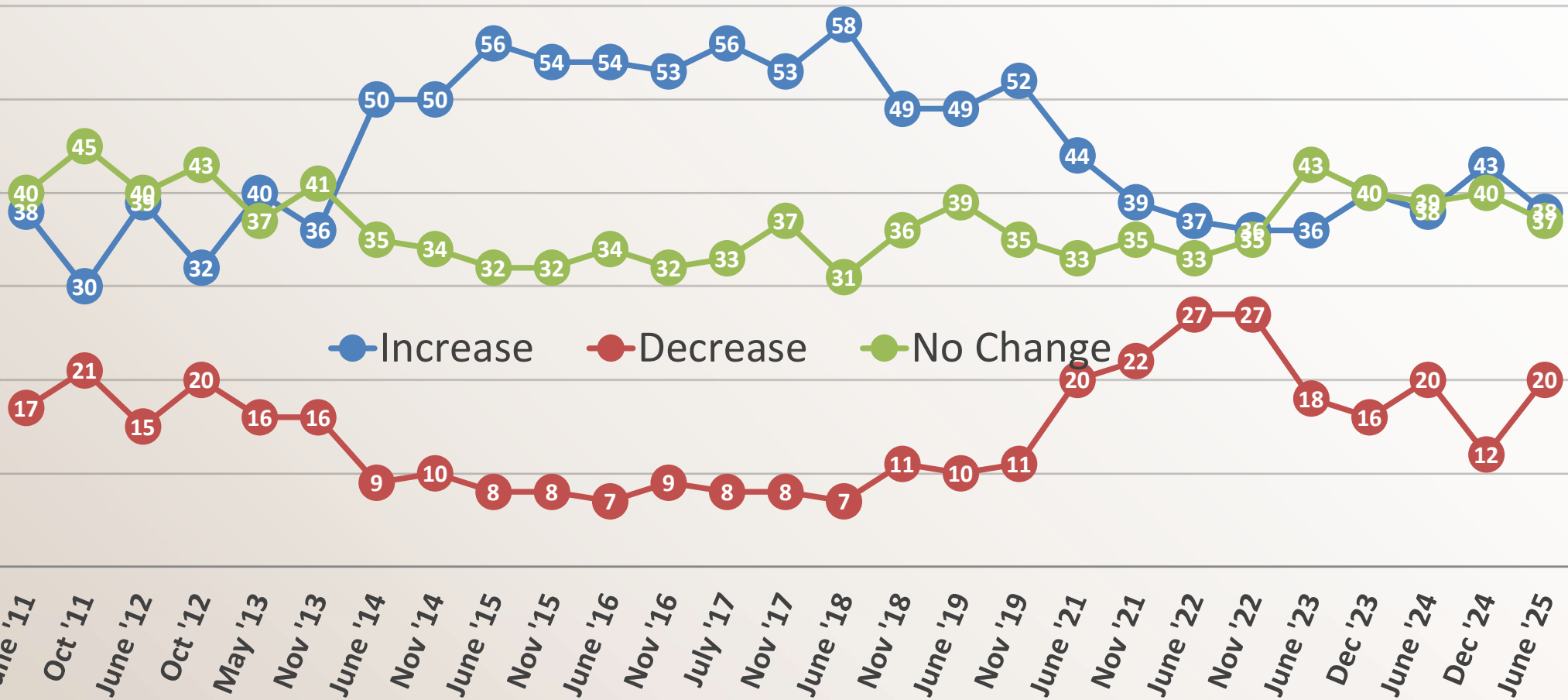
# Projected Sales Trends

Over The Next Six Months ...



# Projected Profit Trends

Over The Next Six Months ...

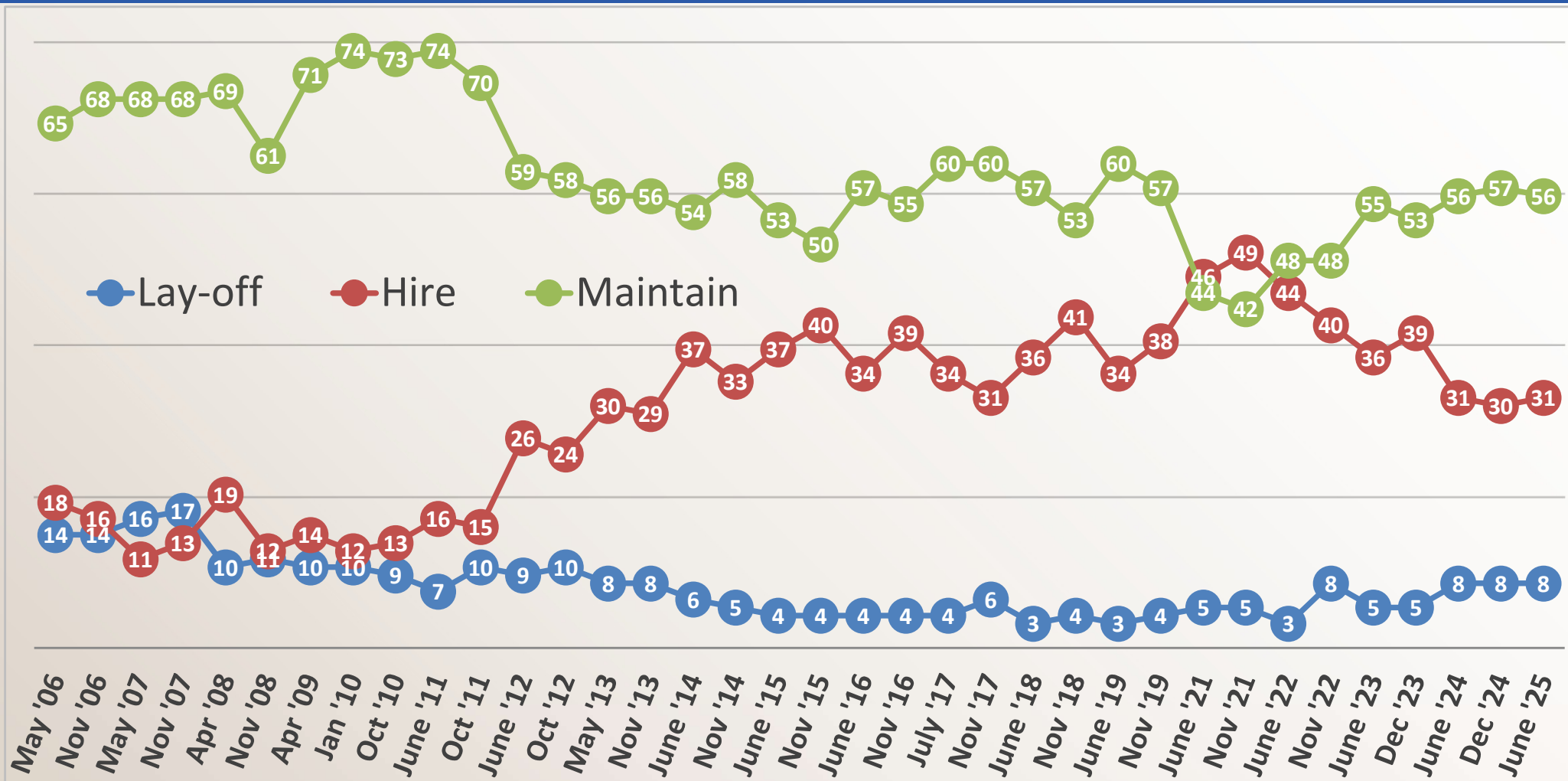


# Uncertainty Continues to Slow Hiring

- Most will maintain current staffing levels, three in ten say they plan to hire more employees.
  - **Thirty-one percent (31%) say they plan to hire more employees over the next six months, unchanged from one year ago.**
  - **Fifty-six percent (56%) will maintain staff at current levels, back to where it was one year ago.**
  - **Eight percent (8%) say they plan to lay off employees, no change from one year ago.**
- The Finance/Insurance/Real Estate sectors (38%) are most likely to be hiring in the next six months, while the Retail/Food Service and the Business/Professional Services sectors are least likely to be hiring (29%).



# Projected Hiring Trends



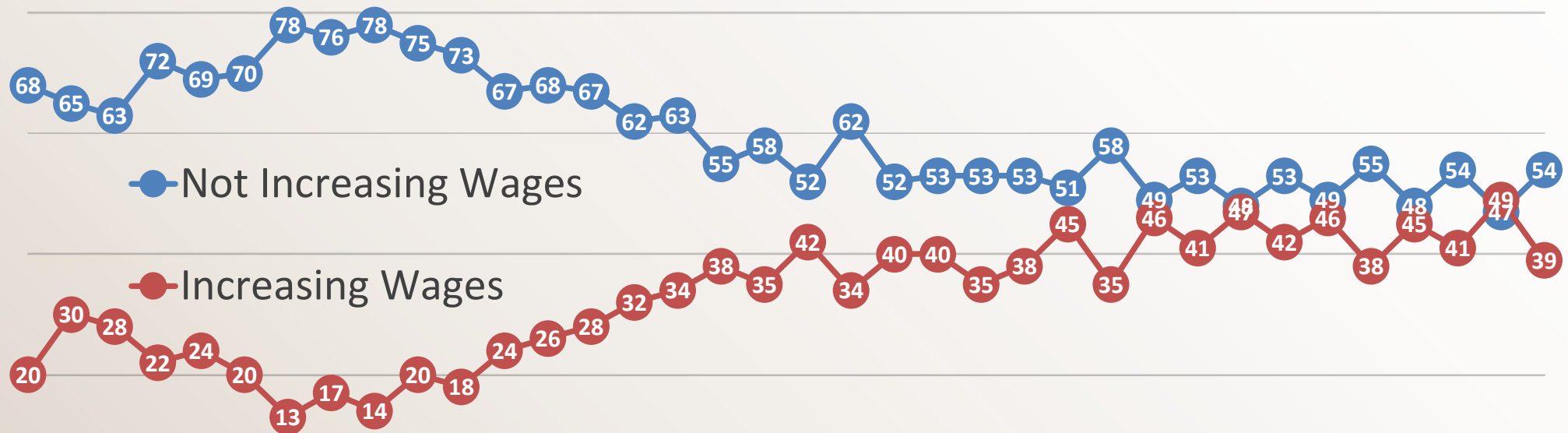
# Talent Acquisition Waning

- Fifty-four percent (54%) rate their access to qualified talent as “only fair” or “poor” – up eight points from one year ago. Thirty-seven percent (38%) say their access to qualified talent is “pretty good” or “excellent” – up one point from one year ago.
- Fifty-seven percent (57%) are having difficulty filling open jobs – up five points from one year ago.
  - Down one point from a year ago, 75% of those actively searching for talent are having difficulty.
  - 57% attribute it to a lack of qualified applicants – up 2 points from one year ago.
  - 28% attribute that difficulty to a lack of any applicants – down 3 points from one year ago.

# Wages Continue to Retract

- Only five percent (3%) listed wage inflation as top challenge to doing business in this MFBI, continuing its twenty-nine-point decline since Q4 2022. And once again, fewer are reporting wage increases in the past six months.
- A majority (54%) say they do not expect to raise wages in the next six months, the same percentage as one year ago. Thirty-nine percent (39%) say they will raise wages, down two points from one year ago.
- Projections for wage growth are strongest in the Health Care/Non-Profit sector (48%), and weakest in the Retail/Food Service sectors (23%).

# Projected Wage Trends



\* Only 1.7% Decreasing Wages

# Projected Investments & Growth

- More than six in ten (61%) plan to invest in **employee training** within the next 6 months – no change from one year ago.
- Slightly more than half (51%) will invest in **advertising** – down four points from one year ago.
- Nineteen percent (19%) plan to invest in **new equipment** – down three points from one year ago.
- One third (33%) plan to expand their business with a **new product line or service** – down five points from one year ago.

# Conclusions:

- The looming concern over tariffs and their impact on the economy has created a drag on the recovery. Inflation and tariffs are growing concerns. About four-in-ten expect higher prices and fewer profits because of tariffs.
- Satisfaction with the economy has stalled.
- Sales, profits and investments have all hit record lows in the past six months.
- While many are still optimistic about the next six months, as small businesses typically are, they rely on their own resilience and quality product or service for that optimism.
- Optimism over the past presidential election and its impact on their business is diminishing.



# Conclusions:

- A strong majority of respondents continue to believe Michigan is a great place to do business.
  - 65% now believe Michigan remains a pretty good (46%) to excellent (19%) market for their business – no change from one year ago.
  - 57% say our state business taxes are mostly (51%) to very (6%) fair – down two points from one year ago.

# Thank you!

We appreciate your interest in the MFBI. For more information or detailed findings, please contact Michigan Business Network.

<http://www.michiganbusinessnetwork.com>

P.O. Box 15279

Lansing, MI 48906

517-243-9616

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