

Michigan Future Business Index

Q4 2025

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ROI[®]**INSIGHT**



Michigan Future Business Index

Methodology

- Statewide survey of 580 small to medium-sized businesses; 500 completed the survey
 - **Mixed-mode survey, conducted online and by phone**
- Commissioned by Cinnaire & Michigan Business Network
- Conducted by ROI Insight
 - **Data Collection: November 18, 2025 – January 5, 2026**

Key Takeaways

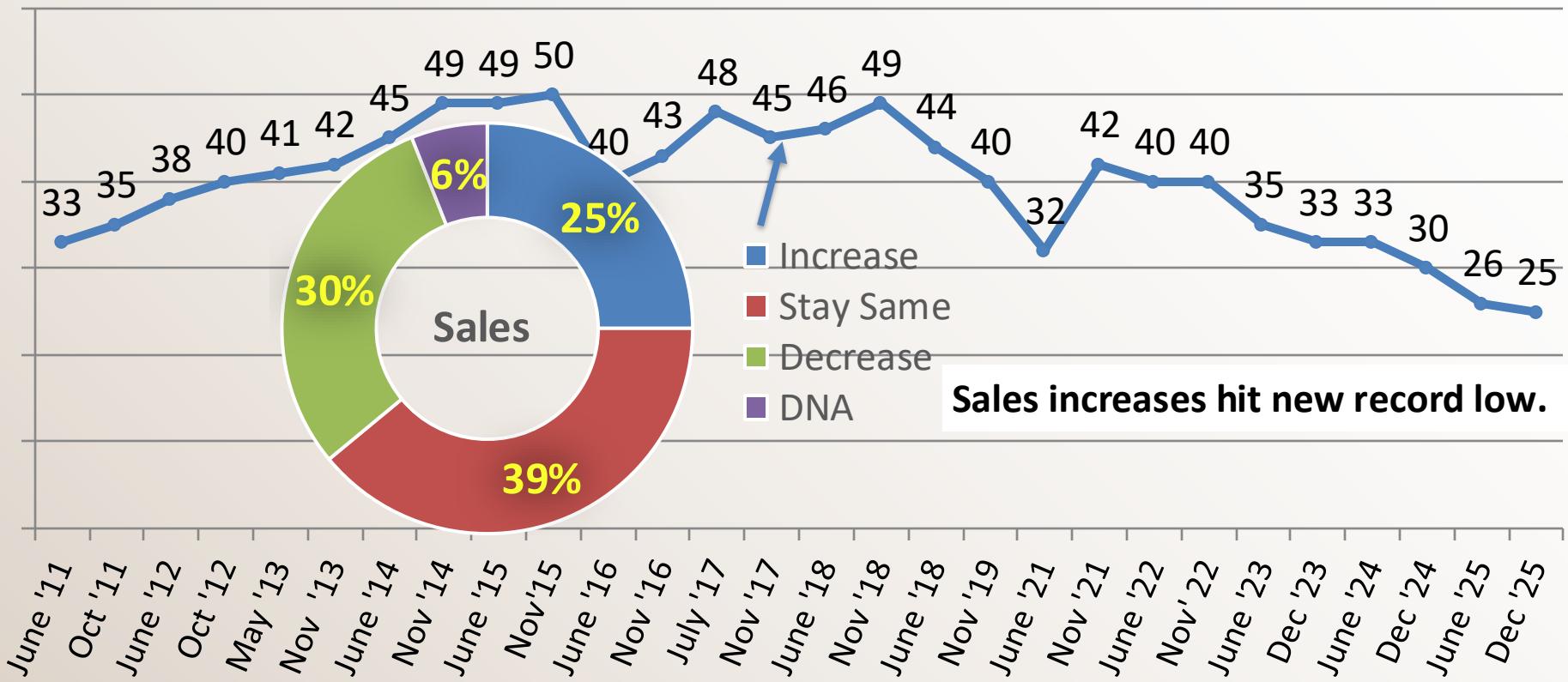
- Michigan's small business economy is at a crossroads.
 - Inflation, tariffs, healthcare costs, and a reduction in demand are all creating significant drag on growth and sustainability.
- Lagging indicators continue their downward slopes toward record lows. Sales, wages, hiring and investments for the past six months are all trending down, with sales and investments hitting new bottoms.
- Rapidly climbing the list of challenges for small business: finding and retaining customers, cost of health insurance, a weakening economy and uncertainty.
- While optimism is diminishing for the most part, pride in the resilience of their business and their team is holding strong.
- Leading indicators also show weakness, with projections for increased sales continuing to slump. Profit, hiring, and wage projections are in a holding pattern.

The Past Six Months

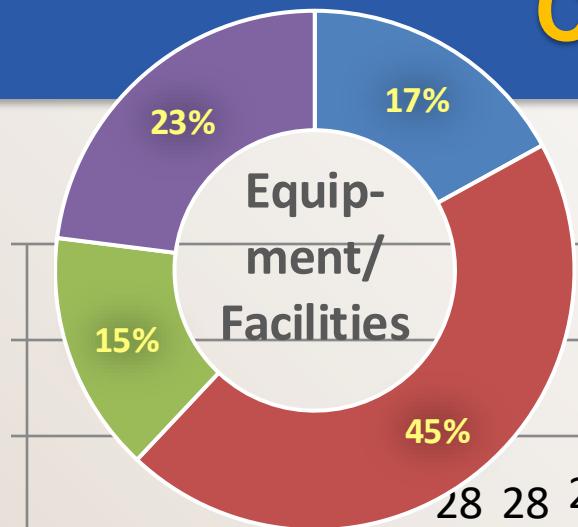
- All indicators continued to slump over the past six months.
 - **Sales increases continue to fall to a new record low**
 - Now only one quarter (25%) say sales have increased in the last six months. That is a new record low for the MFBI – falling below the last record low in Q2 2025.
 - Profits ticked up slightly since Q2, but only two points higher than record low
 - Only eighteen percent of respondents (18%) report profit increases, which is six points lower from a year ago.
 - **Wage increases continue a downward trend**
 - Fewer than half (45%) say their employee wages have increased in last six month. That's six points lower than this time last year.
 - **Hiring slumps again, falling close to a record low**
 - Fewer than two in ten (13%) say they have hired new employees, down four points from one year ago and only two points higher than the record low in 2011.
 - **Investments drop to record low**
 - Fewer than twenty percent (17%) increased capital investments. That is a record low for the MFBI.

Trending The Indicators: Sales

Past Six Months

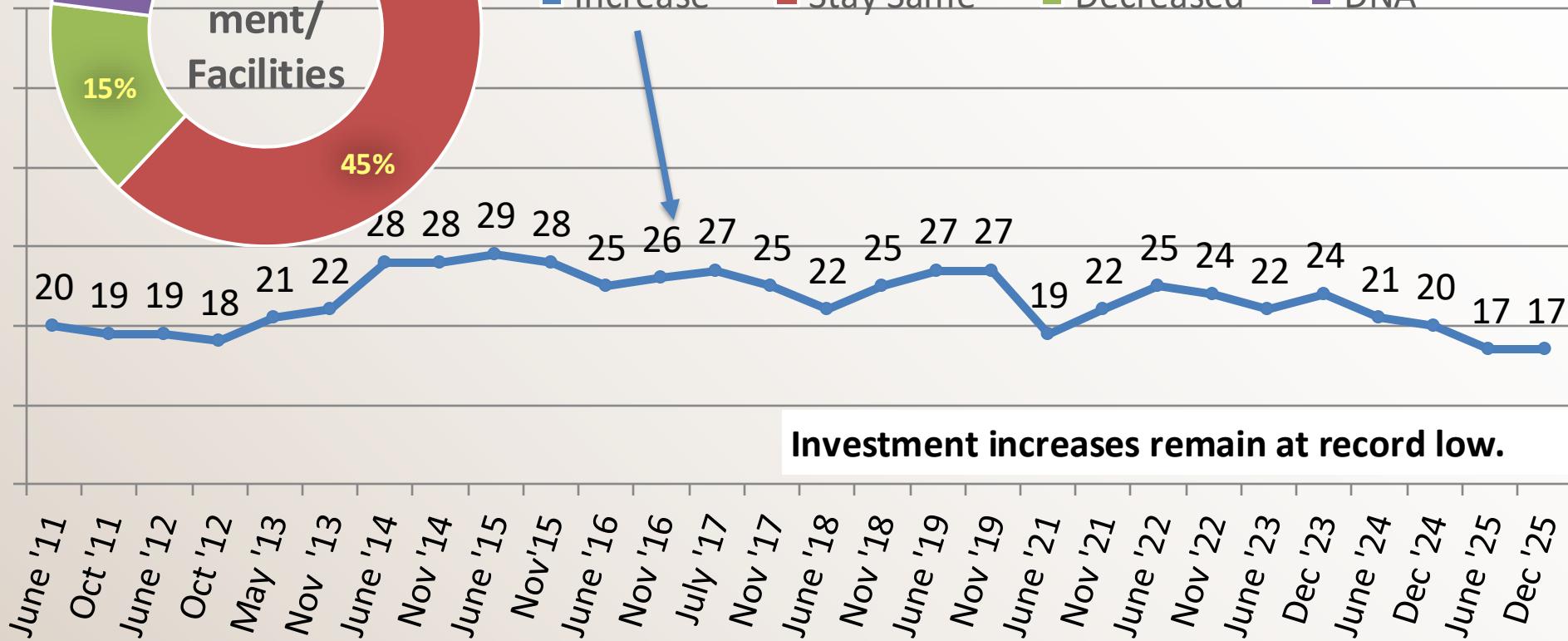


Trending The Indicators: Capital Investments



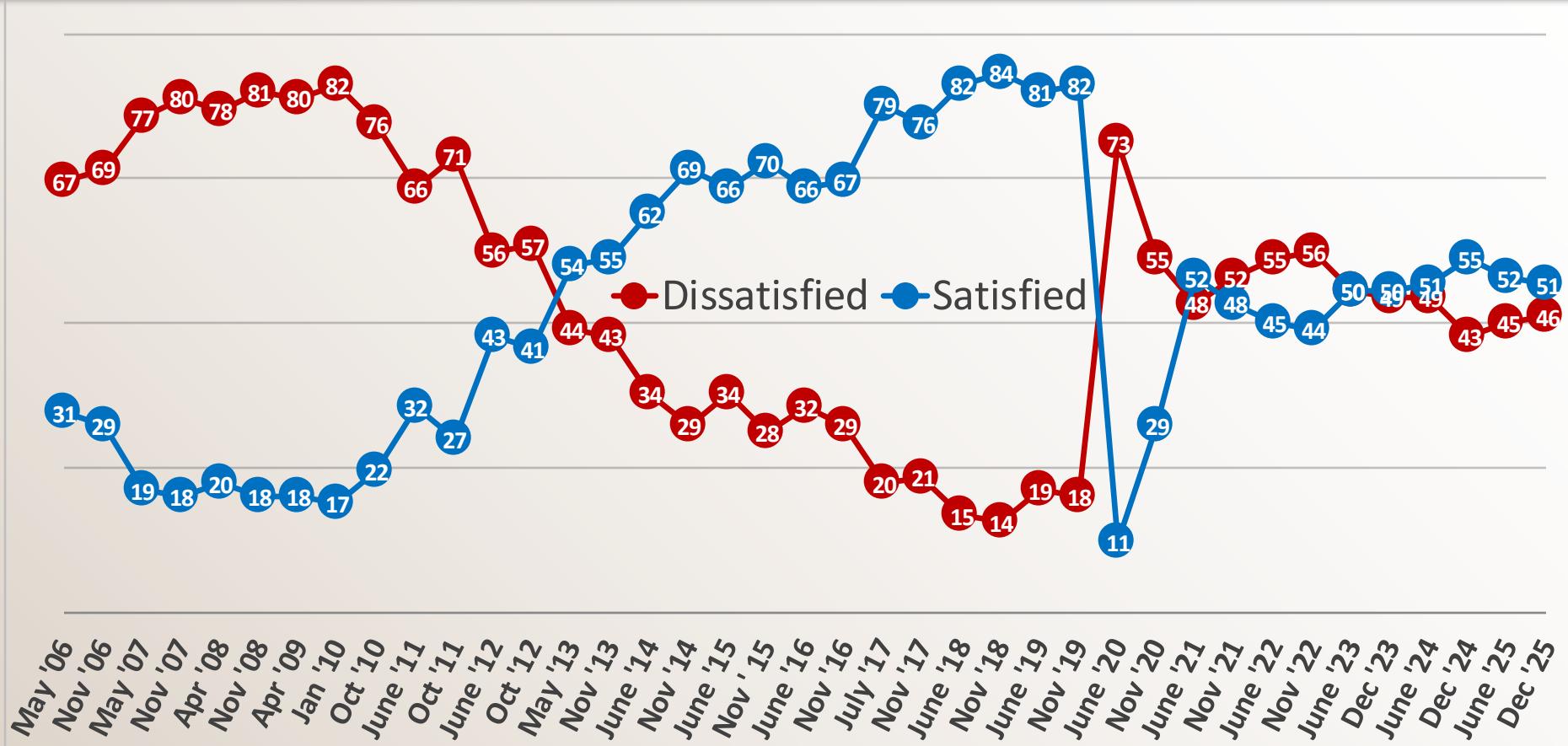
Past Six Months

■ Increase ■ Stay Same ■ Decreased ■ DNA



Satisfaction with Economy Trends

As it Affects Your Business



Greatest Challenges To Doing Business

“Talent” holds onto the #1 position. “Health Insurance” up five points. “Uncertainty” rejoins the chat. “Tariffs” drop four points.

Since Q2 2025

Challenge	Percentage	Change
Acquiring/Retaining Talent	14%	-5
Finding/Retaining Customers	12%	+1
Cost of Health Insurance	10%	+5
Economy Weakening	10%	+1
Inflation	10%	-2
Uncertainty	9%	New
Government Regulations	6%	-1
International Trade/Tariffs	5%	-4
Taxes	5%	+1
Interest Rates/Access to Capital	4%	-1
Wage Inflation	3%	No Change

Issues Impacting Small Business: A Deep Dive

- Nearly all major issues and policy initiatives in the news are negatively impacting Michigan's small businesses.
 - Most respondents say inflation (77%), healthcare changes (65%), tariffs (53%), state government policies (51%), and federal government policies (51%) are impacting small business negatively.
 - A plurality of respondents say attaining and retaining talent (48%), interest rates (45%), and supply chain issues (43%) are impacting small business negatively. The impact of these three topics has become significantly less negative since Q4 2023.
 - Artificial Intelligence and Automation are the only issues tested that show a growing plurality (35%) of respondents reporting a positive impact on their small business.

Sales & Profit Increase Projections Continue Their Slump

- Projections for increased sales and profits are both down, while expectations for decreases are up from one year ago.
 - **Projected sales growth is back down to 45% – nearing the historical bottom. Expectations for sales decreases is at 13% – five points higher than one year ago.**
 - **Projected profit growth remains at 38%, down five points from one year ago. Eighteen percent (18%) expect profits to decline in the next six months, up six points from one year ago.**
- Expectations for sales growth are again highest in the Finance/Insurance/Real Estate sectors (54%) and lowest in the Health Care/Non-Profit sectors (30%).
- Profit increases are most expected in the Finance/Insurance/Real Estate sectors (51%) and least expected in the Health Care/Non-Profit sectors (22%).

Hiring Projections Practically Unchanged

- While the percentage of respondents reporting expecting increased hiring ticked up, so has the number of respondents expecting future lay-offs.
 - **Thirty-one percent (32%) say they plan to hire more employees over the next six months, up two from one year ago.**
 - **Fifty-six percent (56%) will maintain staff at current levels, down one point from one year ago.**
 - **Nine percent (9%) say they plan to lay off employees, up one point from one year ago.**
- The Finance/Insurance/Real Estate sectors (44%) are most likely to be hiring in the next six months, while the Retail/Food Service are least likely (25%). Manufacturing/Construction sectors (11%) are most likely to lay off employees.

A Bright Spot: Talent Acquisition Improves Slightly

- Fifty-one percent (51%) rate their access to qualified talent as “only fair” or “poor” – down five points from one year ago. Forty percent (40%) say their access to qualified talent is “pretty good” or “excellent” – up three points from one year ago.
- Forty-nine percent (49%) are having difficulty filling open jobs – down three points from one year ago.
 - **61% attribute it to a lack of qualified applicants – up 3 points from one year ago.**
 - **28% attribute that difficulty to a lack of any applicants – down 3 points from one year ago.**

Conclusions:

- Michigan's small business owners are known for their resiliency, typically snatching victory from the jaws of defeat. That said, they seem to be feeling like Sisyphus since the pandemic; who in Greek mythology was forced to push a boulder up a hill, only to see it roll back to the bottom.
- They cite policies coming from Washington D.C. and Lansing for feeding discontent with their bottom line and the overall stalled business economy.
- Inflation, healthcare costs, tariffs, and regulatory policies diminish their profit margins, forcing a pullback in investment and hiring.
- Uncharacteristic for this audience, optimism for a rebound in the next six months is waning, raising fears of a steeper, more significant downturn. As stated earlier, we are at a crossroads.