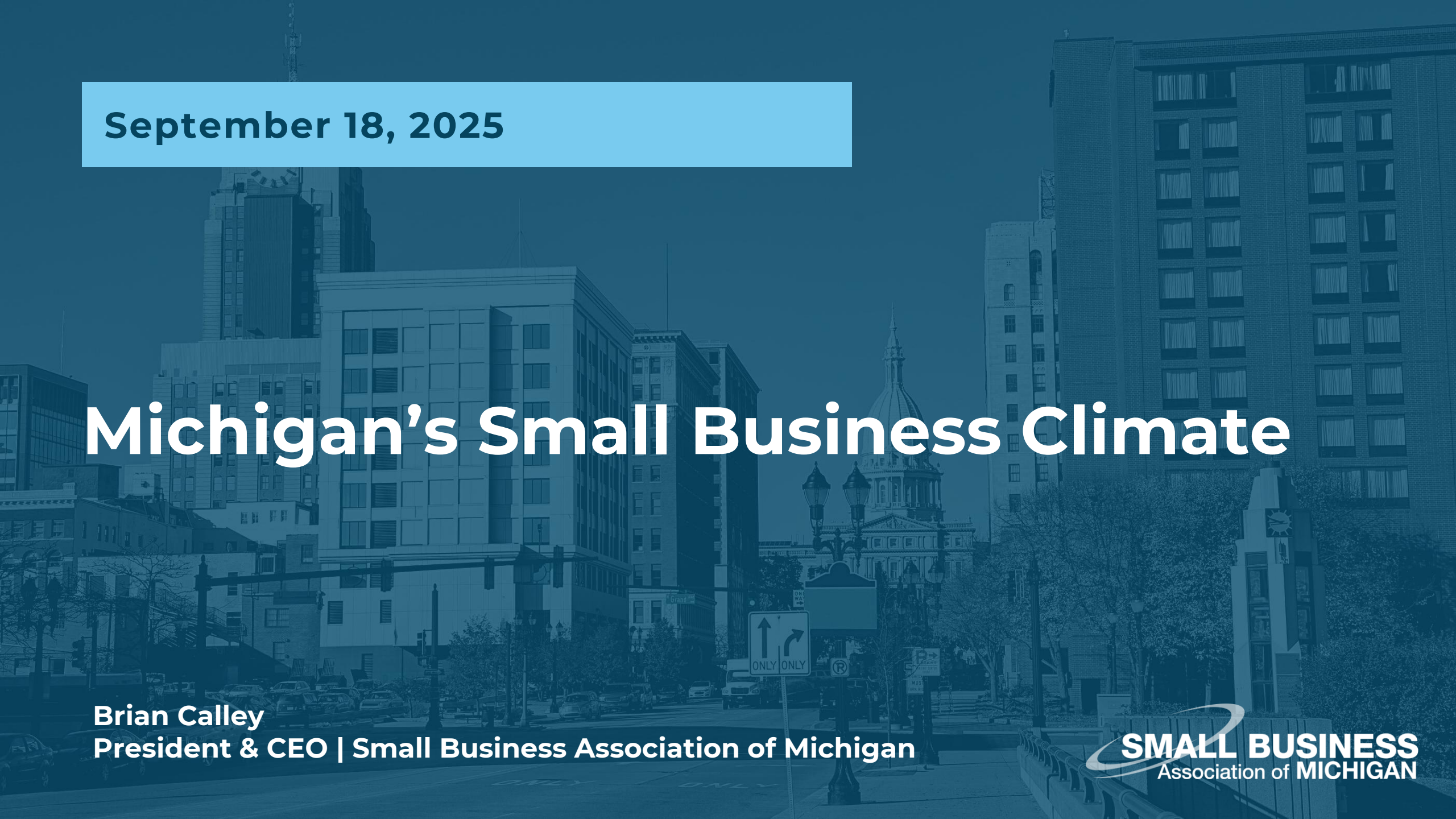


September 18, 2025

Michigan's Small Business Climate

Brian Calley
President & CEO | Small Business Association of Michigan

SMALL BUSINESS Association of MICHIGAN



Michigan's Entrepreneurship Score Card 2025

Much of the data and information presented today was published initially in the 2025 Michigan Entrepreneurship Score Card.

This report is produced yearly by the SBAM Foundation

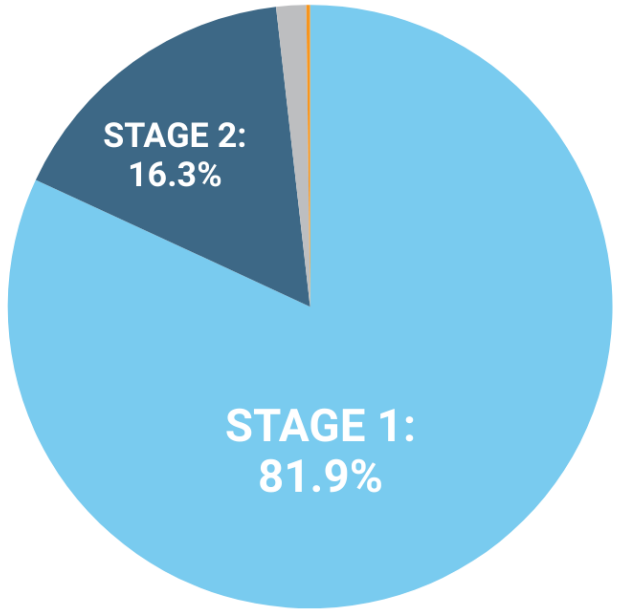
Follow the QR Code to view the full report, or visit: https://www.sbam.org/michigan-entrepreneurship-score-card/

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Entrepreneurial Landscape

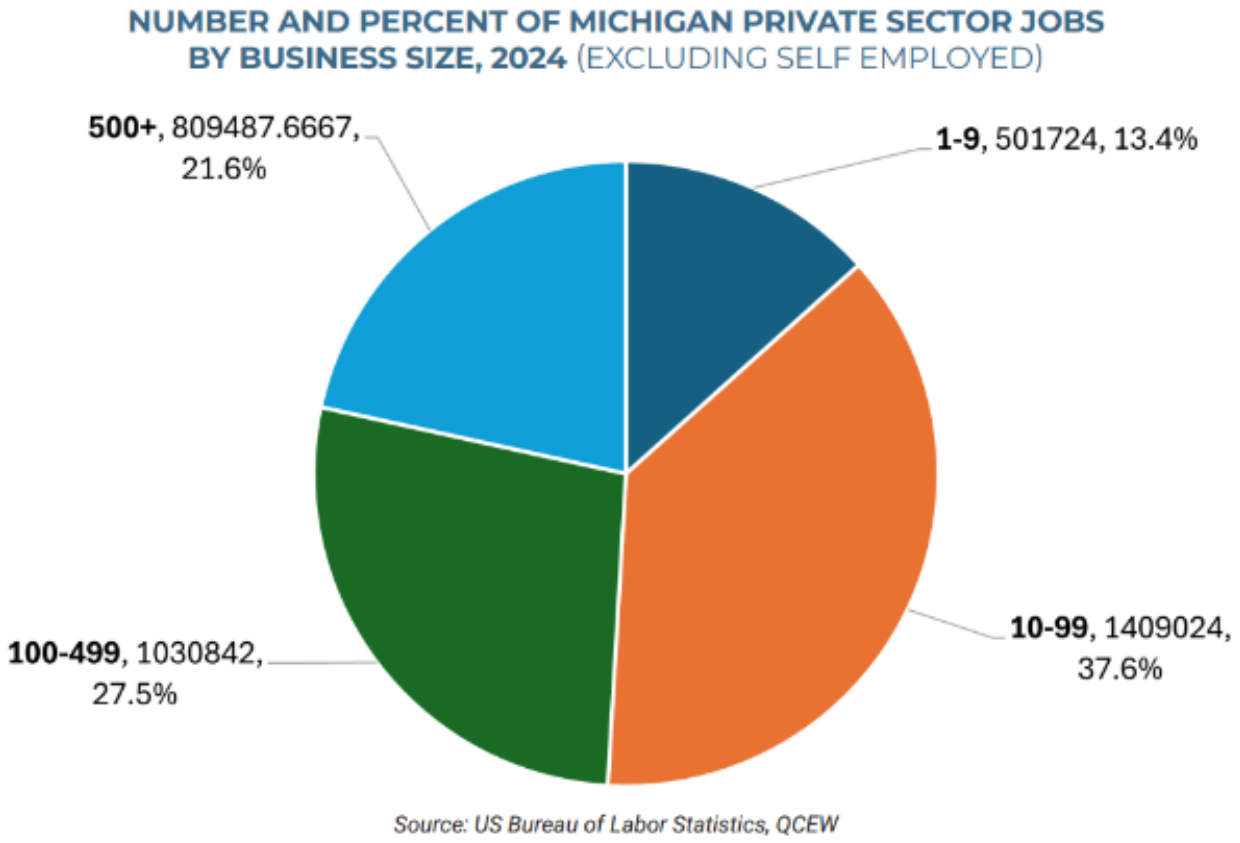
OF ALL PRIVATE BUSINESSES WITH EMPLOYEES:

- **Stage 1: 81.9%** of establishments had 1-9 employees
- **Stage 2: 16.3%** had 10-99 employees
- **Stage 3: 1.6%** had 100-499 employees
- **Stage 4: 0.2%** more than 500 employees



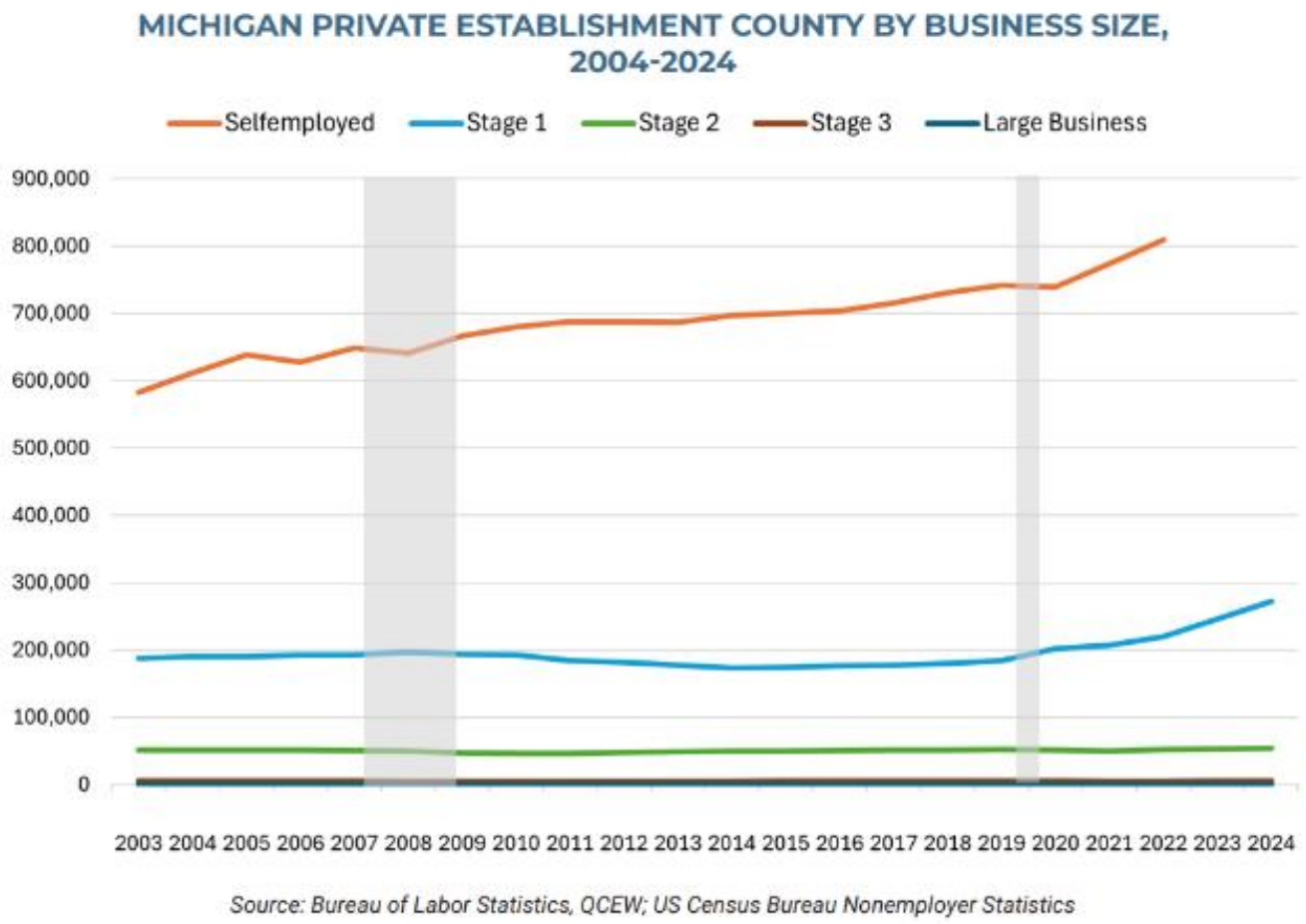
99.8% of all businesses in Michigan have fewer than 500 employees

Entrepreneurial Landscape



Businesses with fewer than 500 employees provide 78.4% of all private sector employment in Michigan. Those with fewer than 100 employees account for 51%!

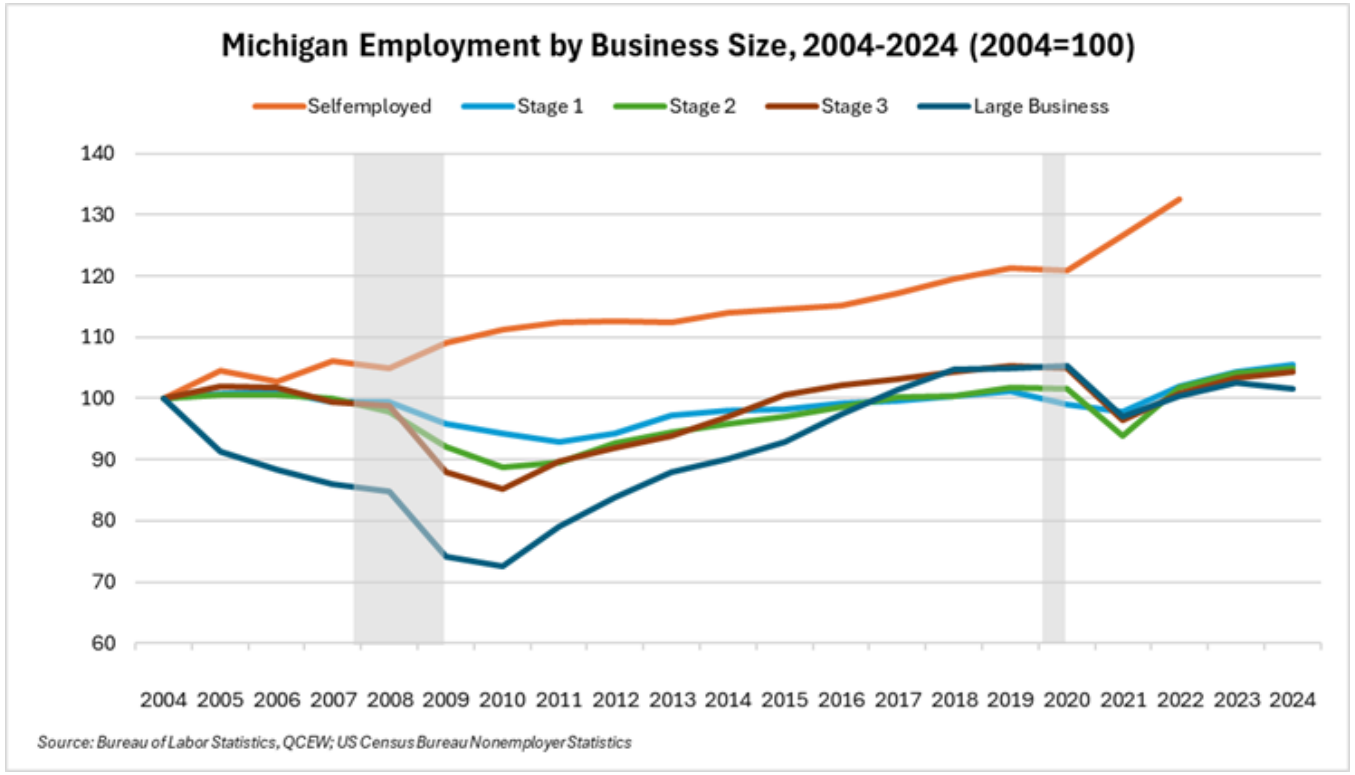
Report Highlights



Source: Bureau of Labor Statistics, QCEW; US Census Bureau Nonemployer Statistics

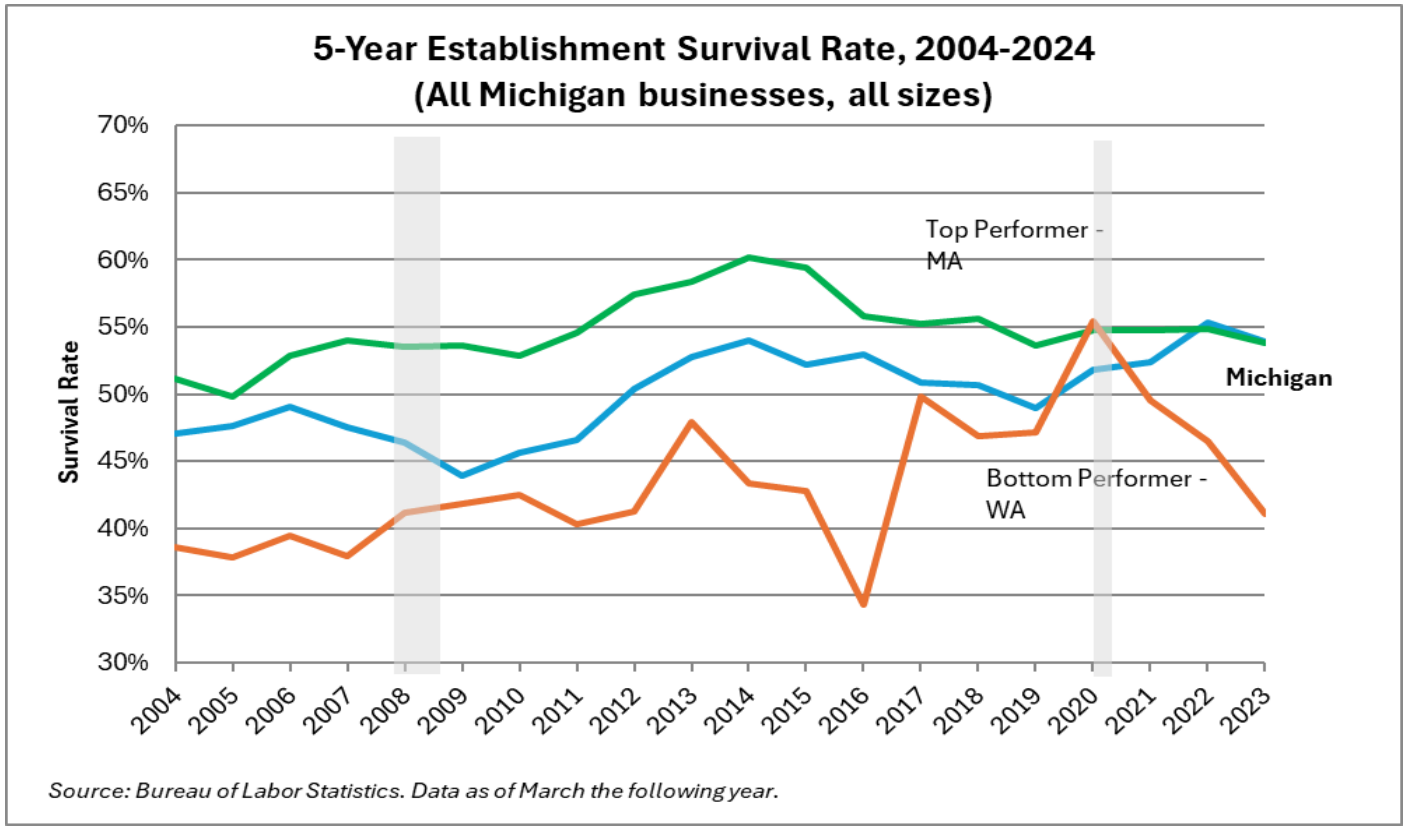
In the last 20 years, the self-employment and Stage 1 businesses (1-9 employees) have far outpaced the percentage growth of Stage 2, Stage 3, and large businesses.

Report Highlights



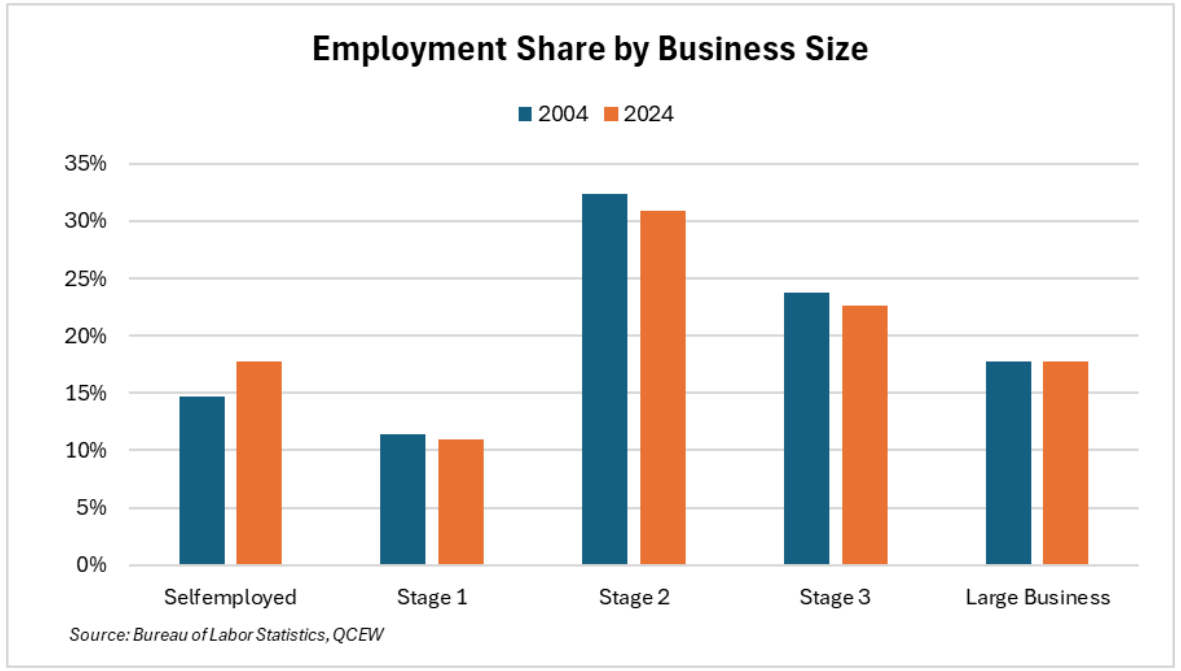
Stage 1 small businesses and self-employment provide an employment base that is more stable than larger businesses, dipping far more mildly during recessions, followed by a subdued up-turn in the post-recession recovery phase.

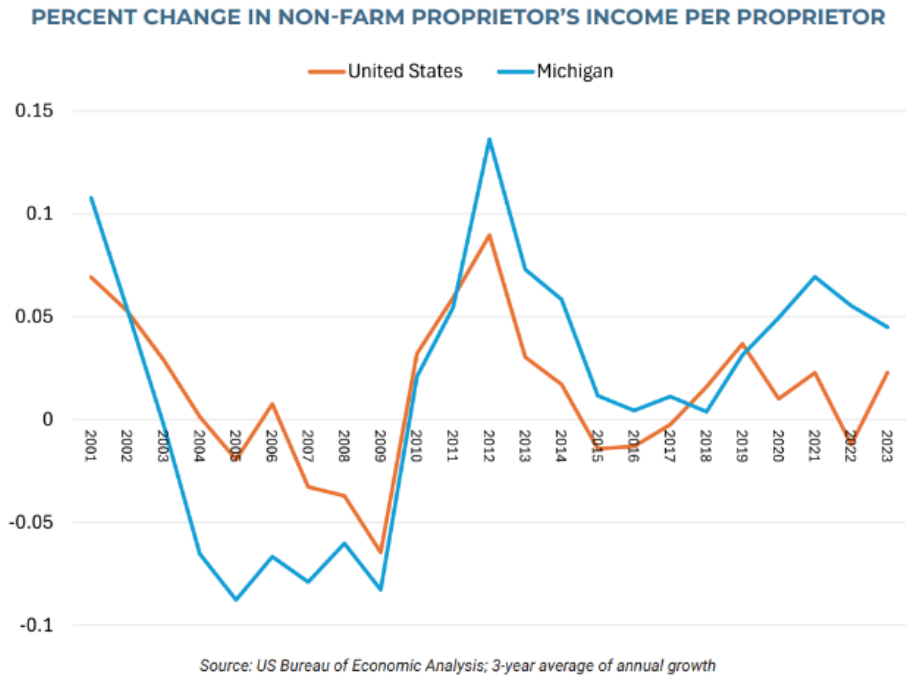
Report Highlights



Michigan has become a top performing state in the Five-Year Establishment Survival Rate.

Report Highlights

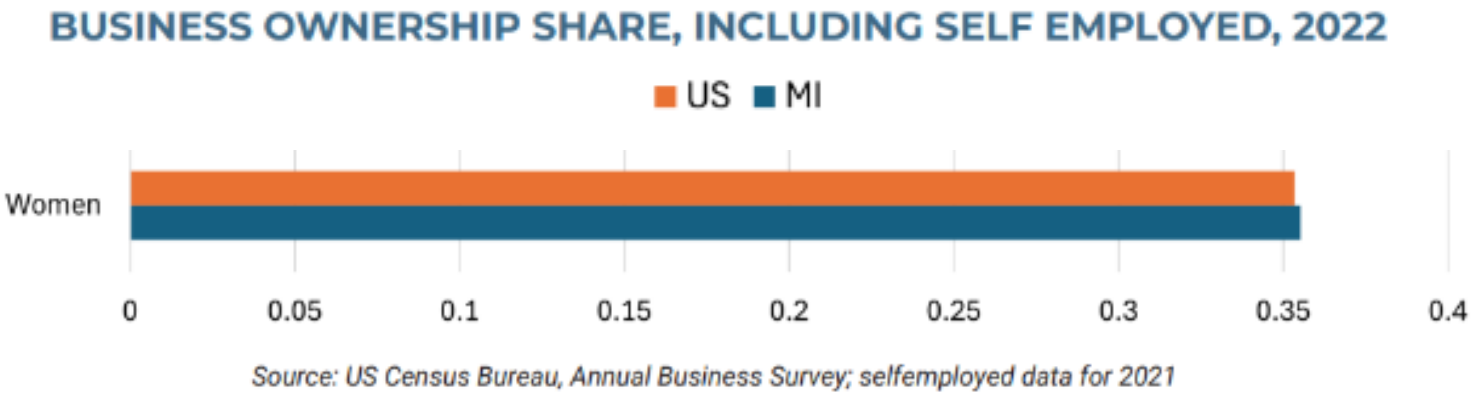




Sole Prop Story:

- **17.7% of private sector employment**
- **Income growth has mostly exceeded the U.S. average since 2011**

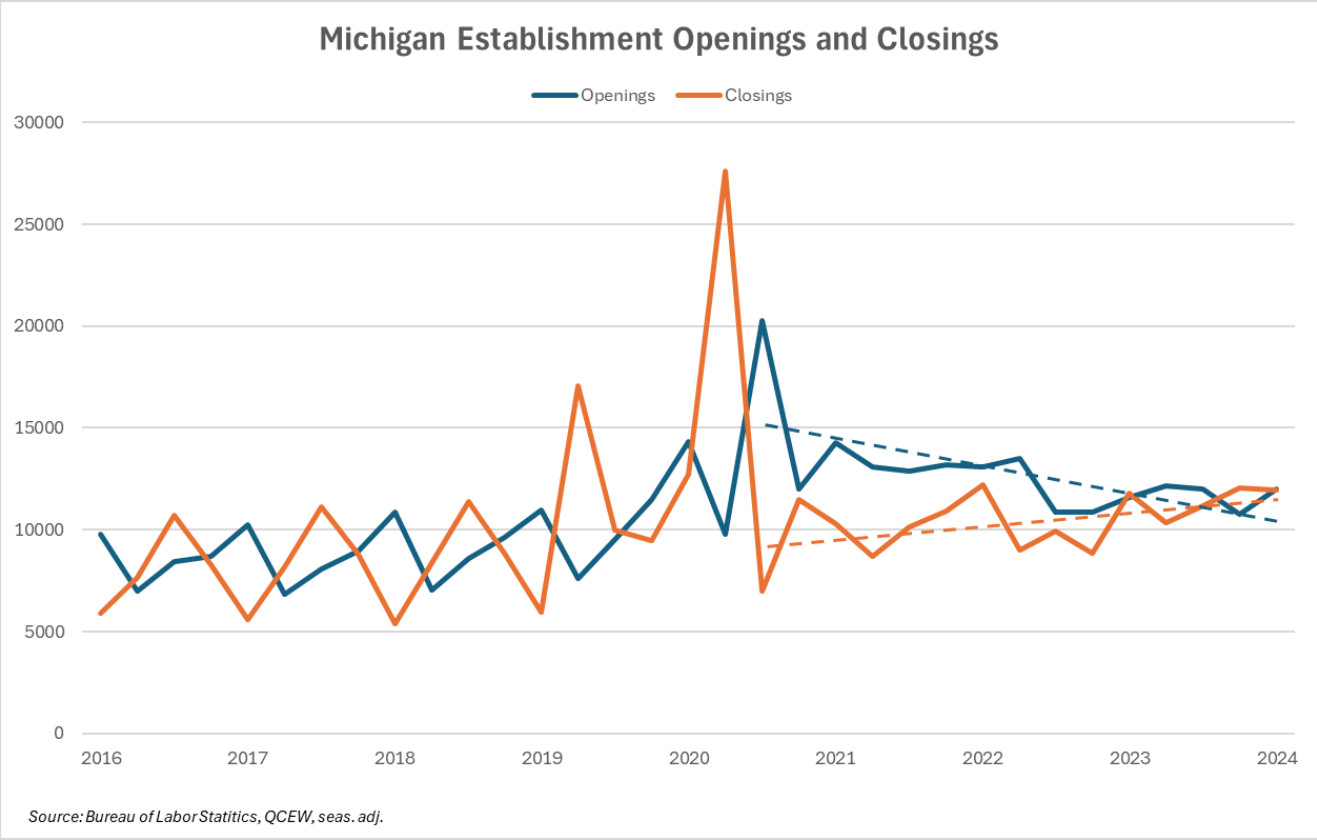
Report Highlights



Share in Total Firms	2002	2022
Woman-Owned	29.6%	35.5%

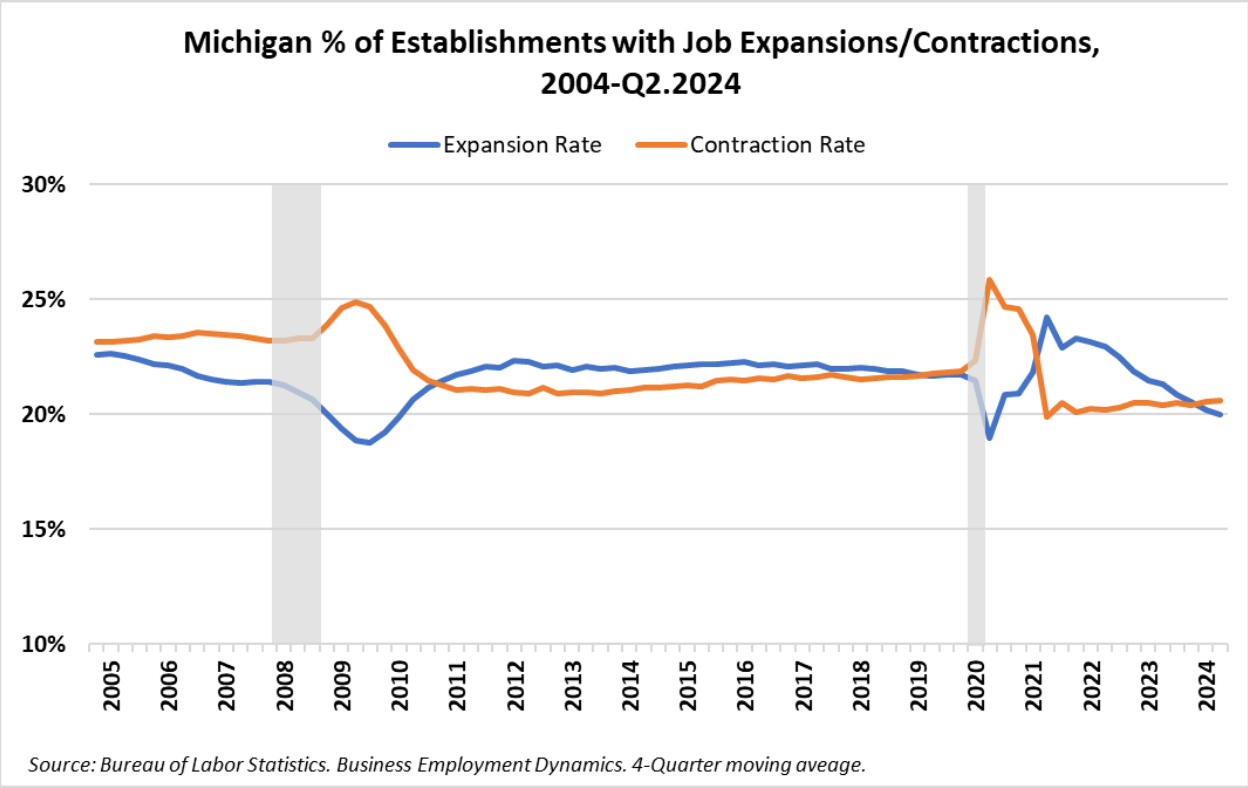
Women ownership of businesses in Michigan has increased from 29.6 percent to 35.5 percent of all businesses over the last 20 years, and now slightly exceeds the US percentage.

Report Lowlights



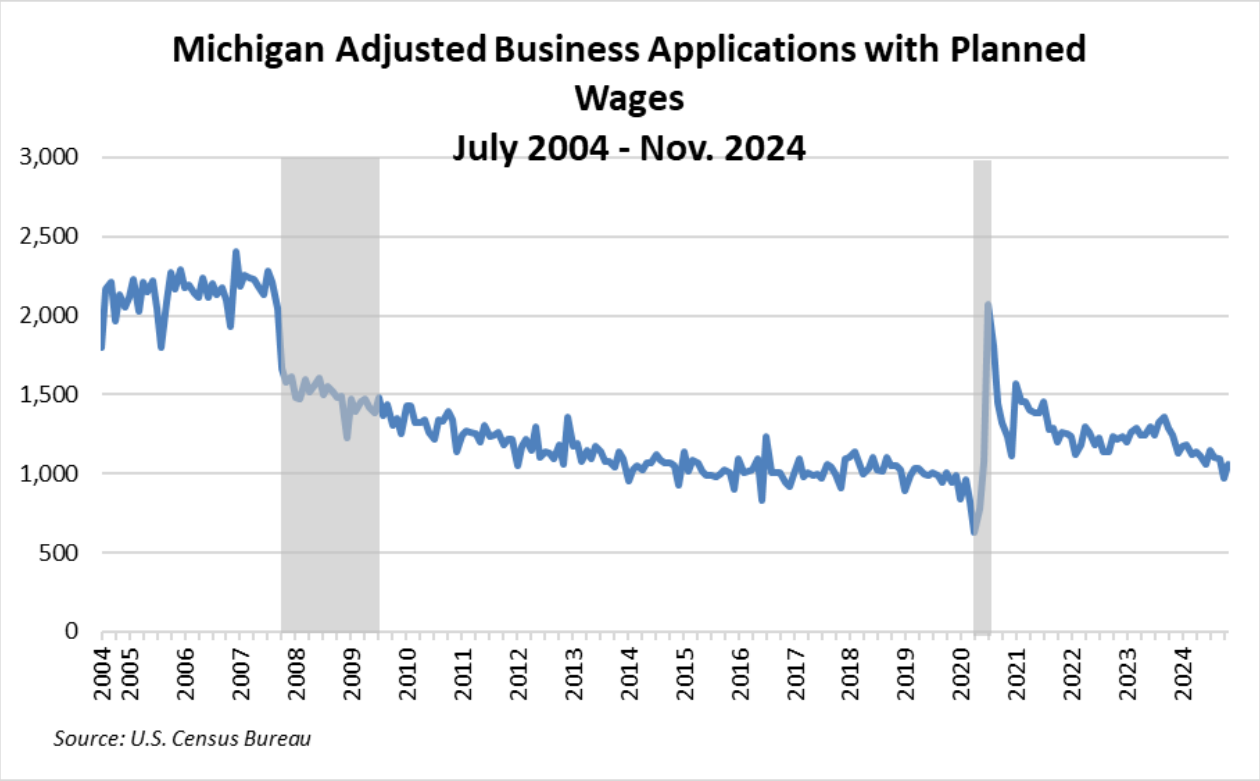
Since the pandemic, new business openings have trended downward, and closures are trending up.

Report Lowlights



The percentage of Michigan businesses expanding employment is now less than those contracting.

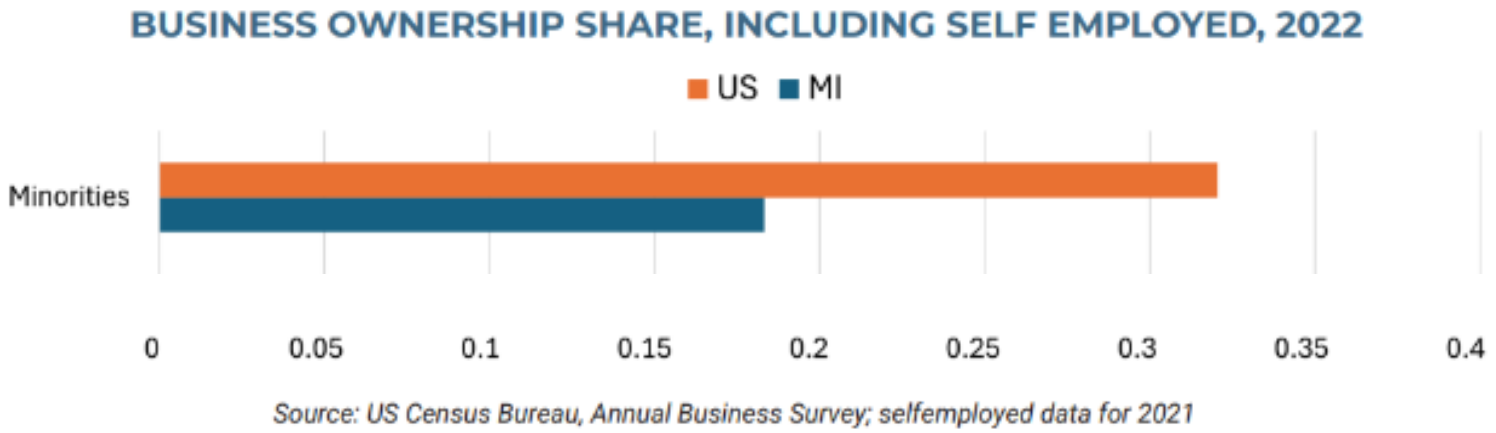
Report Lowlights



Michigan experienced a spike in new business starts with planned wages following the pandemic.

Since 2023, Michigan Small Business formation activity levelled off and then turned downward.

Report Lowlights



Source: US Census Bureau, Annual Business Survey; selfemployed data for 2021

Share in Total Firms	2002	2022
Minority-Owned	10.5%	18.3%

Minority Ownership

- **Increased in Michigan over the last 20 years but …**
- **Only slightly more than half of the national rate.**

Report Lowlights

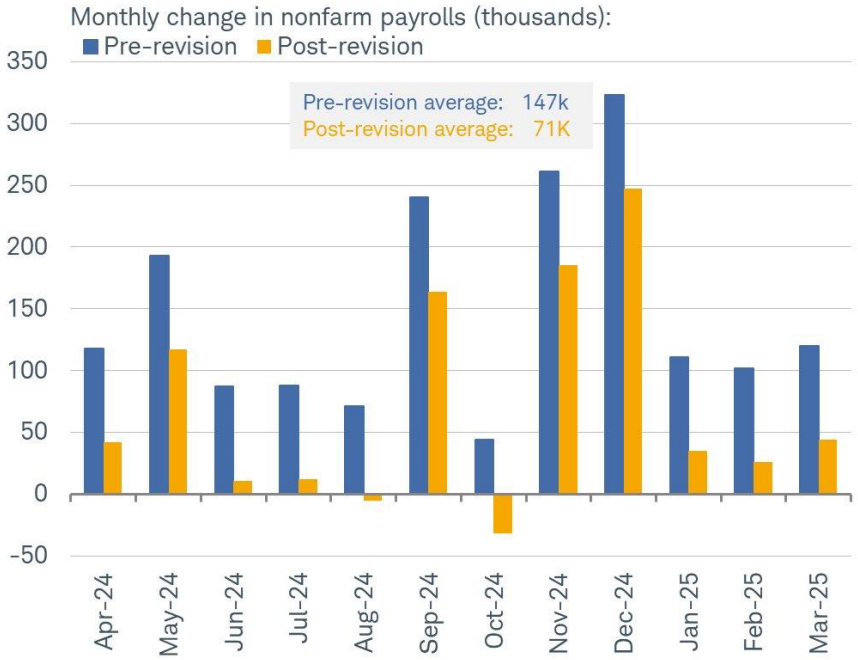
PRIVATE ESTABLISHMENT GROWTH

2004-2024	MICHIGAN	US
1-9	43.0%	54.0%
10-99	4.8%	23.3%
100-499	3.1%	19.2%
500+	4.9%	16.3%

Source: QCEW

Michigan has seen an increase in the number of businesses in all stages, but our rate of increase badly trails the US over the last 20 years.

Recent Trends Move to Align With Firsthand Accounts



Source: Charles Schwab, Bloomberg, Bureau of Labor Statistics, as of 9/9/2025. Post-revision based on 2025 preliminary benchmark revisions for 12-month period ending March 2025.



Post-revision figures show softer numbers than initially thought



“Entrepreneurs today are weary and frustrated. New and costly regulations, year-over-year double digit health insurance increases, high interest rates, rising costs, uncertainty in trade policy, and misaligned labor markets are really taking a toll.”

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