



BUSINESS

2025 Chicagoland's Small Business Outlook

A STUDY OF SMALL BUSINESSES IN THE CHICAGO METROPOLITAN AREA

IN PARTNERSHIP WITH:

STUDY AUTHORS: John W. Lynch, Jihye Han, Yeonghee Kang,
Alex Effinger, Yue Wang, and Steve Bob

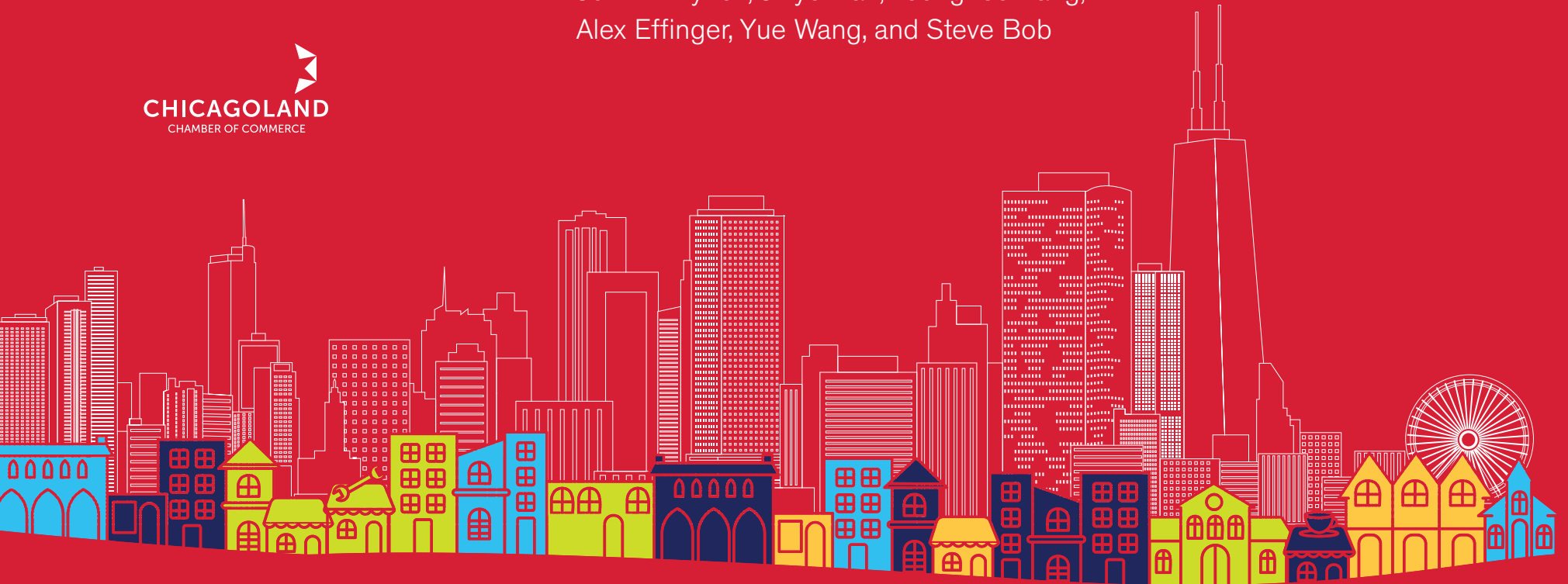


TABLE OF CONTENTS

- 3** Highlights
- 4** Background to the study
- 9** How are small businesses performing?
- 11** How do small businesses see the next 12 months going?
- 13** What do small businesses plan to do over the next 12 months?
- 16** Do small businesses have the financial resources and other capabilities to achieve their plans?
- 20** How are small businesses monitoring and being impacted by external factors?
- 23** Next steps

HIGHLIGHTS

148

small businesses in the Chicagoland area completed an online survey asking questions about their performance, operations, concerns, and general outlook for the future.

49%

of businesses are optimistic that their business will perform just as well, if not better, over the next 12 months; this is down from 71% last year.

30%

of businesses expect the Chicagoland economy will stay the same or become stronger over the next 12 months; this is down from 57% last year.

54%

of businesses plan to pursue a "growth" type strategy over the next 12 months. This is down from 67% from last year.

- As part of their growth strategies, over the next 12 months, most businesses plan to focus on improving their existing products and services and increasing promotion and marketing; relatedly, marketing their small business was the highest rated need for additional capital.
- Of those businesses seeking additional capital, the majority are exploring grants, closely followed by lines of credit and loans.
- Taxes and tariffs were rated as having the highest negative impact on business amongst government-related concerns.



Background to the study

A PARTNERSHIP



The Chicagoland Chamber of Commerce and University of Illinois Chicago (UIC) partnered to conduct a study of the outlook of the small businesses in the Chicago metropolitan area—i.e., small businesses’ performance, challenges, needs, and expectations.



The Institute for Leadership Excellence and Development (iLEAD), which is housed in the UIC College of Business Administration, developed and distributed an online research survey to Chicago’s small business community and then analyzed the survey data.

DATA COLLECTION–SURVEY

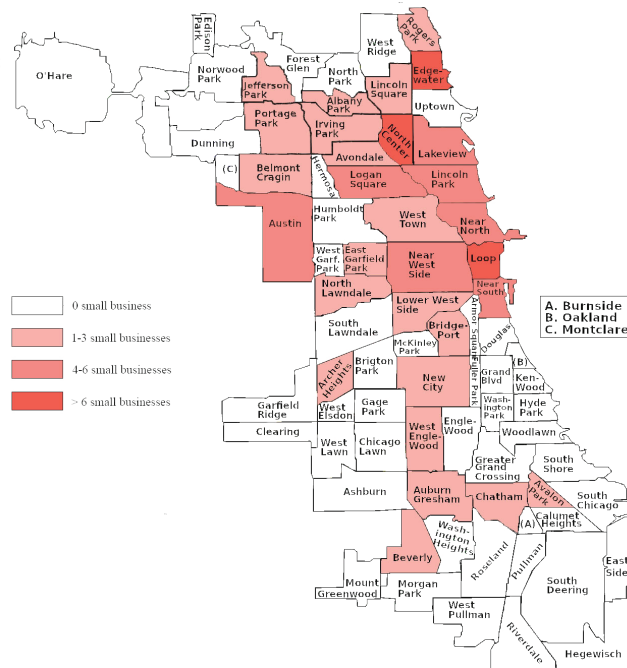
- In spring and summer 2025, small business owners and operators (or others who have sufficient knowledge of the business) were asked to complete a 10-minute online survey.
- The survey included questions about business operations, performance, and perceptions of the business climate in the Chicagoland and broader area.
- For their time, participants received a copy of the report, a chance to win Southwest Airline tickets, and a chance to utilize free business consulting.



On this page, we ask you to comment about your company's capacity to engage in various business operations.

To what extent is your business able to do the following:

	Not at all	Slightly	Moderately	Quite a bit	Extremely
Recruiting and hiring qualified employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retaining qualified employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training and developing current employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offering competitive pay and benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining a safe workplace	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Encouraging employee education and morale	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Using technology effectively	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting diversity, equity and inclusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managing business finances	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attracting new customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retaining existing customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchasing equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offer employees opportunities to work remotely	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



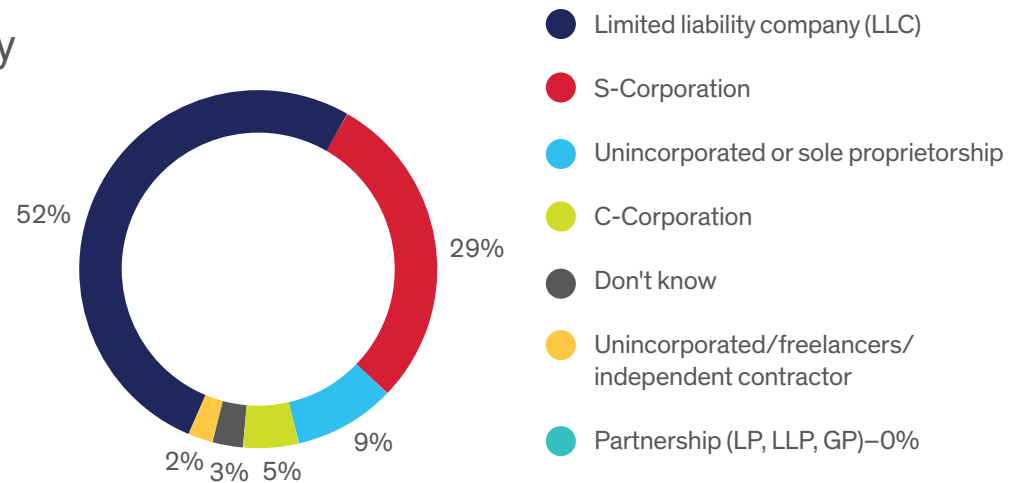
DATA COLLECTION–RECRUITMENT

- Advertisements for the online survey were disseminated through several channels:
 - The Chicagoland Chamber of Commerce business network
 - Local chambers of commerce and neighborhood associations
 - Industry groups
 - Direct site visits
- 47 of Chicago's 77 neighborhoods were represented in the dataset (up from 43 last year).
 - 16 suburbs were also represented

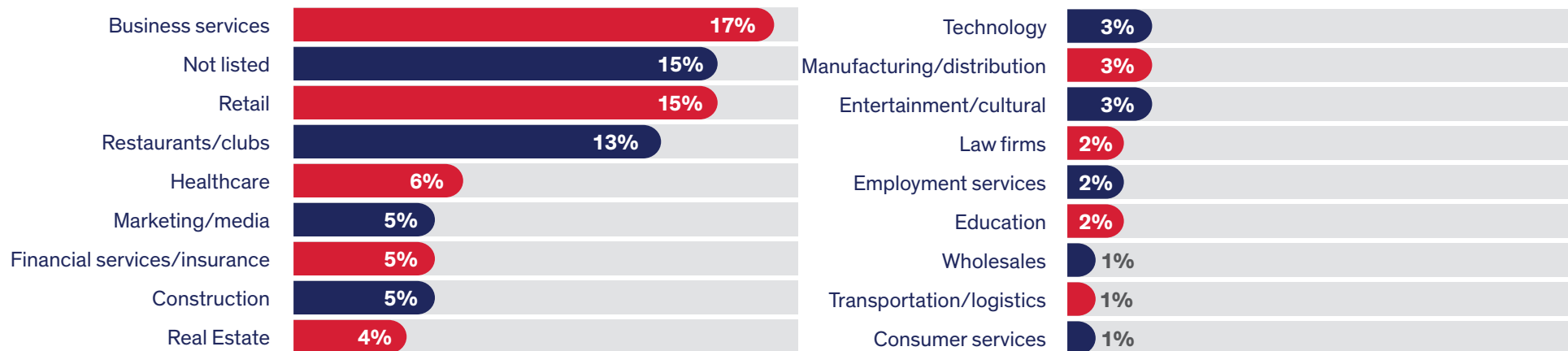
DATA COLLECTION—SAMPLE

148 businesses participated in the study

- On average, these businesses have been established for 15.8 years.
- 95% of the persons completing the study on behalf of the business were owners, founders, and/or managers of the business.
- A majority of these businesses were limited liability companies (LLCs).



The 148 participating businesses reflected a wide array of **industries**

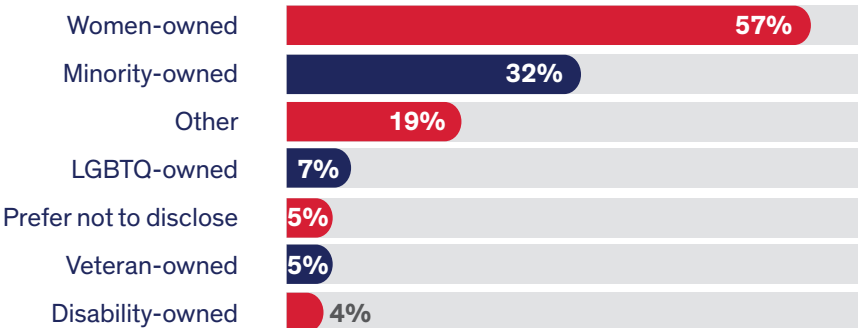


DATA COLLECTION—SAMPLE

The 148 participating businesses reflected a wide array of **ownership**

- Most participating businesses were owned by women.
- Note: Owners could be represented in multiple categories.

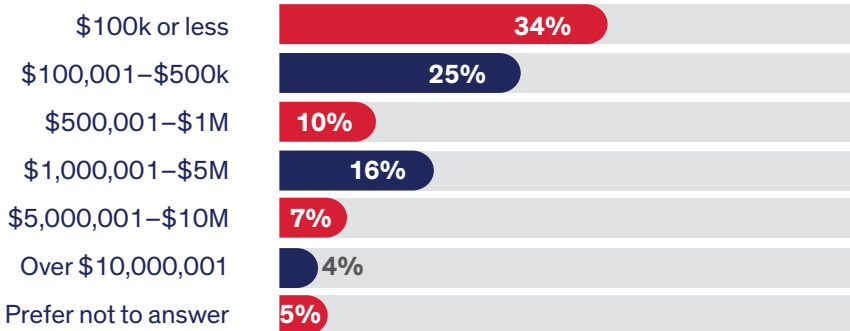
NUMBER OF SMALL BUSINESSES BY OWNERSHIP



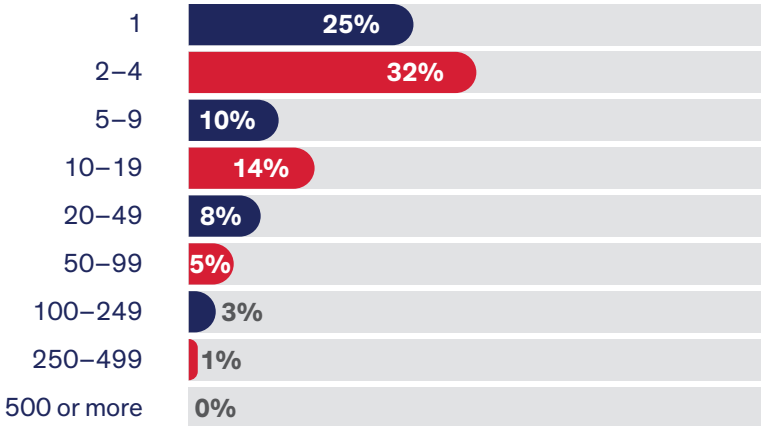
The 148 participating businesses reflected a wide array of **revenue**

- While there was a portion of businesses with revenue greater than \$500,000, most of the participating businesses were less than \$500,000 in revenue.
- The majority of businesses had less than 5 employees.

PORTION OF SMALL BUSINESSES BY ANNUAL GROSS REVENUE



NUMBER OF EMPLOYEES



How are small businesses performing?

In this section of the survey, participants rated the past, present, and anticipated future performance of their businesses.



BUSINESS PERFORMANCE

- On a scale of 1–5, participants rated the evolving performance of their small business.
- Business rated their current performance slightly better than last year.
- Businesses expected to perform the same over the next year.

SMALL BUSINESS PERFORMANCE (1–5 SCALE)

In general, how would you rate the performance of your business today compared to 12 months ago?

3.25

How well do you think your business is performing right now?

2.72

Over the next 12 months, I am optimistic that my business will be performing just as well, if not better, than it is now.

2.98

1 2 3 4 5

Average score of each answer is shown.

1=worse/not at all/strongly disagree, 5=better/extremely/strongly agree

A man with short brown hair and glasses, wearing a white dress shirt and a blue tie, is seated at a desk. He is smiling and looking towards the right. He holds a clipboard with a blue cover in his left hand and a silver pen in his right hand. The clipboard displays a 'Business Report' with a blue line chart at the top, followed by two pie charts and some text. The background is a solid red color. On the desk in front of him, there is a black smartphone and a black keyboard. A small potted plant is visible on the desk to the right.

How do small businesses see the next 12 months going?

Participants speculate how their businesses and the economy will perform.

EXPECTATIONS FOR THE NEXT 12 MONTHS

- On a scale of 1–5, participants rated how positively they expected their business to do in the next 12 months.
- In general, businesses appear to have a positive outlook for the next 12 months, but a less positive outlook compared to than last year's data.

EXPECTATION OF BUSINESS PERFORMANCE



Average score of each answer is shown.
1=much weaker/lower, 3=about the same, 5=much stronger/more

EXPECTATIONS FOR THE ECONOMY

- On a scale of 1–5, participants rated they expected the economy to change over the next 12 months.
- Despite a more positive outlook for their own businesses, participants expected all levels of the economy to **weaken**.

PERCEPTIONS OF ECONOMY



Average score of each answer is shown.
How do you expect these economies to change over the next year?
1=much weaker/lower, 3=no change, 5=much stronger

What do small businesses plan to do over the next 12 months?

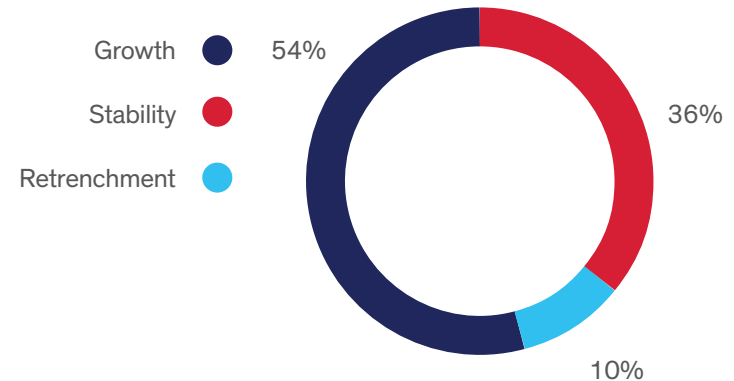
Participants describe specific strategies and hiring plans they intend to enact.



STRATEGY

- In a multiple-choice question, participants indicated what primary strategy they expected their business to take over the next 12 months:
 - Growth strategy (expansion)
 - Stability strategy (little or no change)
 - Retrenchment strategy (defensive)
- In line with the positive outlook most businesses have, most indicated using a growth strategy.

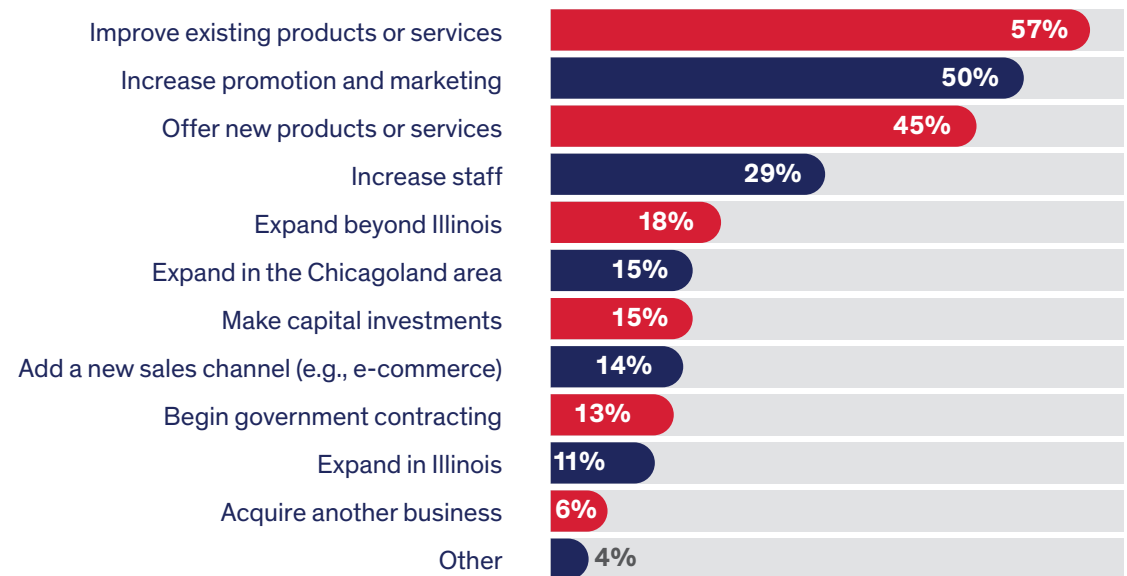
BUSINESS STRATEGY



SPECIFIC GROWTH STRATEGIES

- All participants were asked specific growth strategies they expected their business to take over the next 12 months.
- The most popular strategies included improving current or offering new products and increasing promotion and marketing.

GROWTH STRATEGIES ANTICIPATED WITHIN NEXT YEAR*

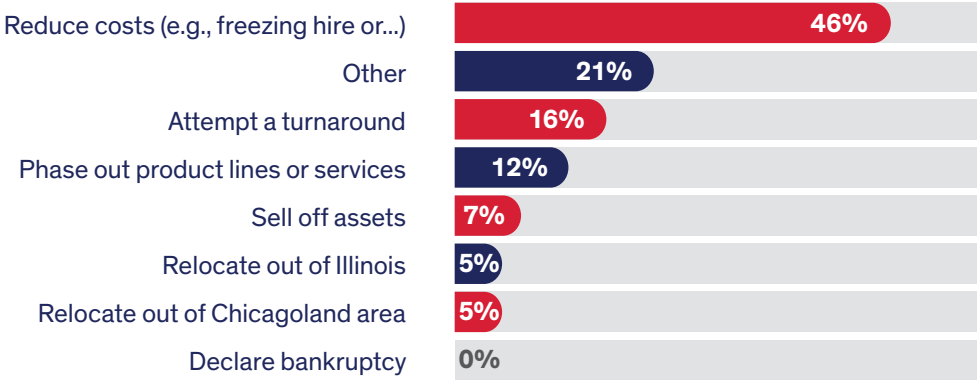


*Percentage of businesses answering "Yes"

SPECIFIC RETRENCHMENT STRATEGIES

- All participants also indicated what specific retrenchment strategies they expected their business to take over the next 12 months.
- While not as prevalent as the growth strategies, the most popular strategy was finding ways to reduce costs.

RETRENCHMENT STRATEGIES ANTICIPATED WITHIN NEXT YEAR*

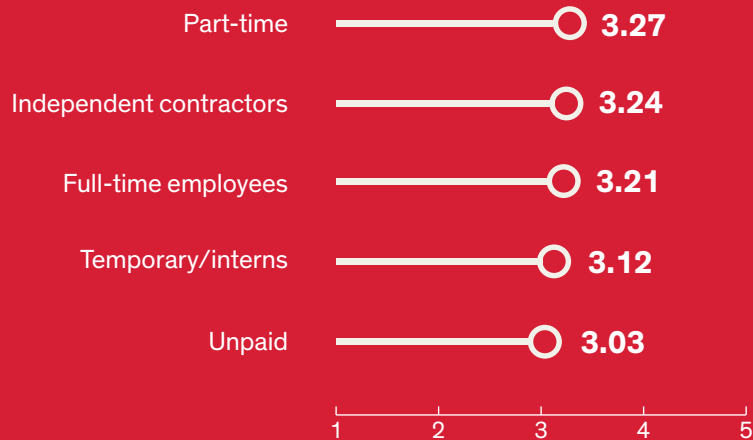


*Percentage of businesses answering "Yes"

EXPECTATIONS FOR HIRING

- On a scale of 1–5, participants rated how they expected their business's hiring to change over the next 12 months.
- Despite the growth strategy answers, businesses generally expected hiring to **stay the same** at all levels of employment.

EXPECTATION OF HIRING OVER NEXT 12 MONTHS



Average score of each answer is shown. How do you expect your workforce to change? 1=large decrease, 3=no change, 5=large increase



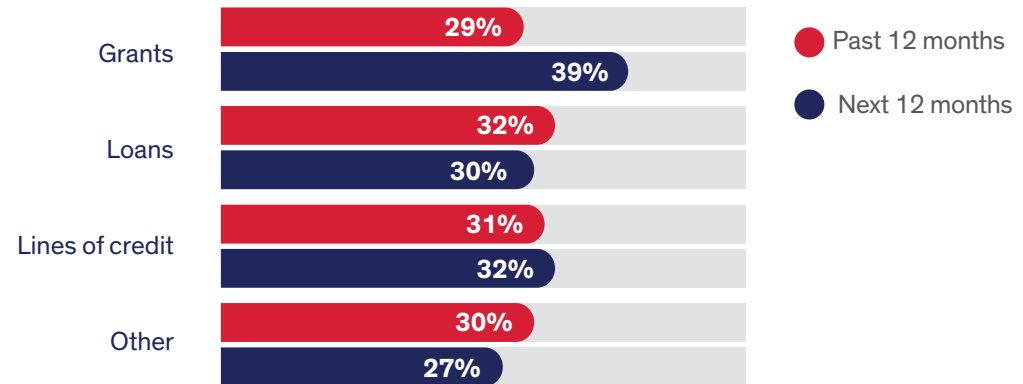
Do small businesses have the financial resources and other capabilities to achieve their plans?

Participants indicate why their businesses need financial capital and how capable they feel with various business functions.

SOURCES OF CAPITAL

- Participants indicated which sources they sought capital from over the past 12 months, and what sources they plan to acquire over the next 12 months.
- Participants indicated a shift toward grants over the next 12 months.

SOURCES OF CAPITAL

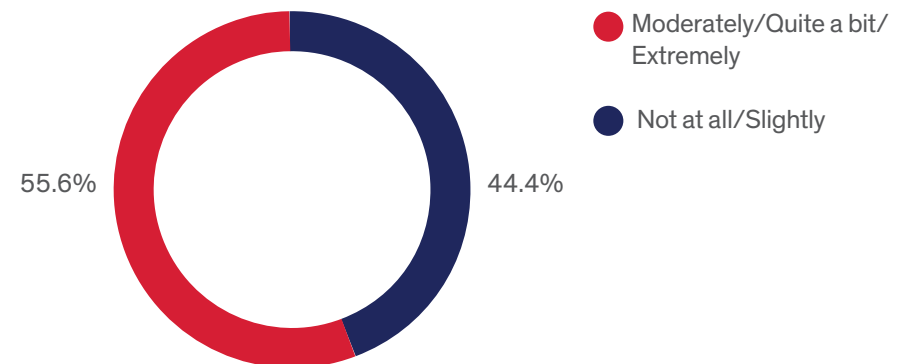


Percentage of businesses answering "Yes." From what sources did you seek capital over the past 12 months? From what sources are you planning to acquire capital over the next 12 months?

ACCESS TO CAPITAL

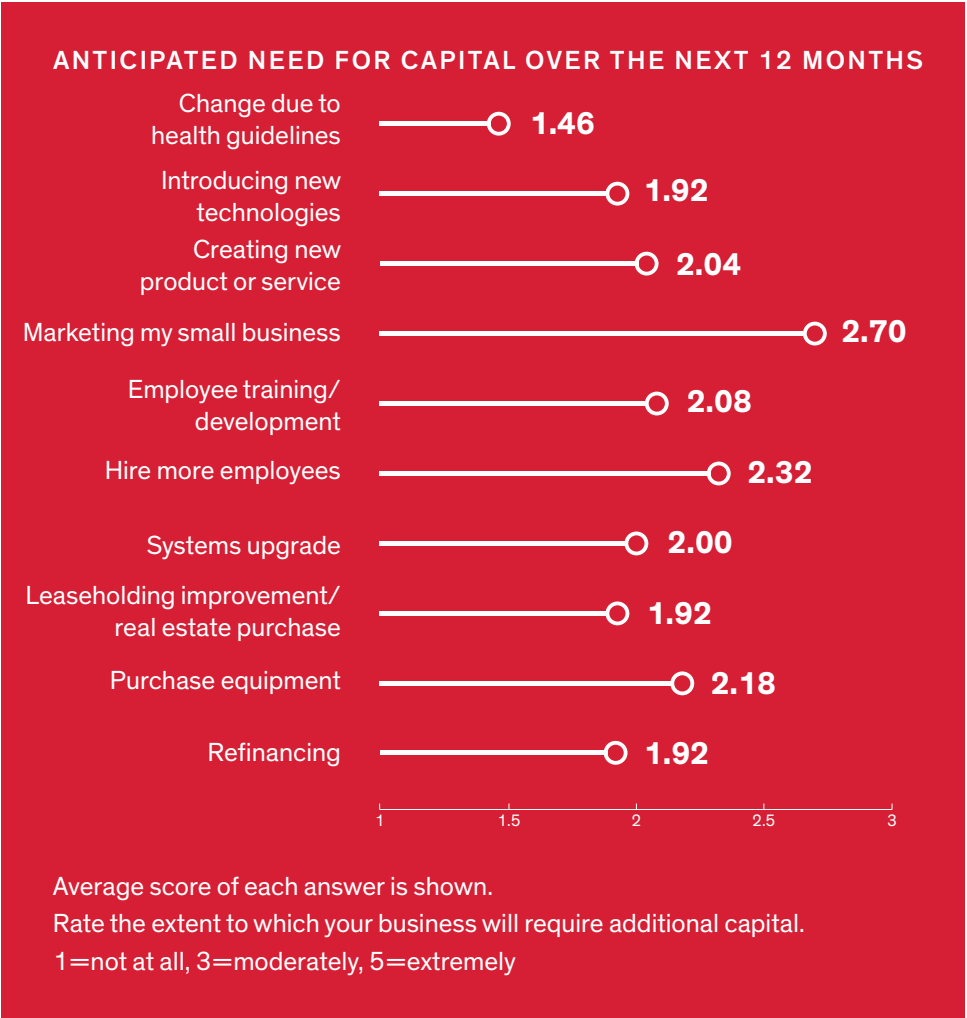
- On a scale of 1–5, participants rated their confidence in obtaining capital they need over the next 12 months.
- 56% of participants indicated that they were moderately, quite a bit, or extremely confident, slightly down from 57% last year.

CONFIDENCE IN OBTAINING CAPITAL



NEEDS FOR FINANCIAL CAPITAL

- On a scale of 1–5, participants rated what they needed additional capital for over the next 12 months.
- Consistent with the growth strategy answers, the highest-rated need was marketing the small business.



BUSINESS CAPABILITY

- On a scale of 1–5, participants rated the extent to which their business can engage in business functions.
- Most businesses felt capable maintaining a safe workplace and encouraging morale, but they felt least capable recruiting and hiring qualified employees, and offering competitive pay.



How are small businesses monitoring and being impacted by external factors?

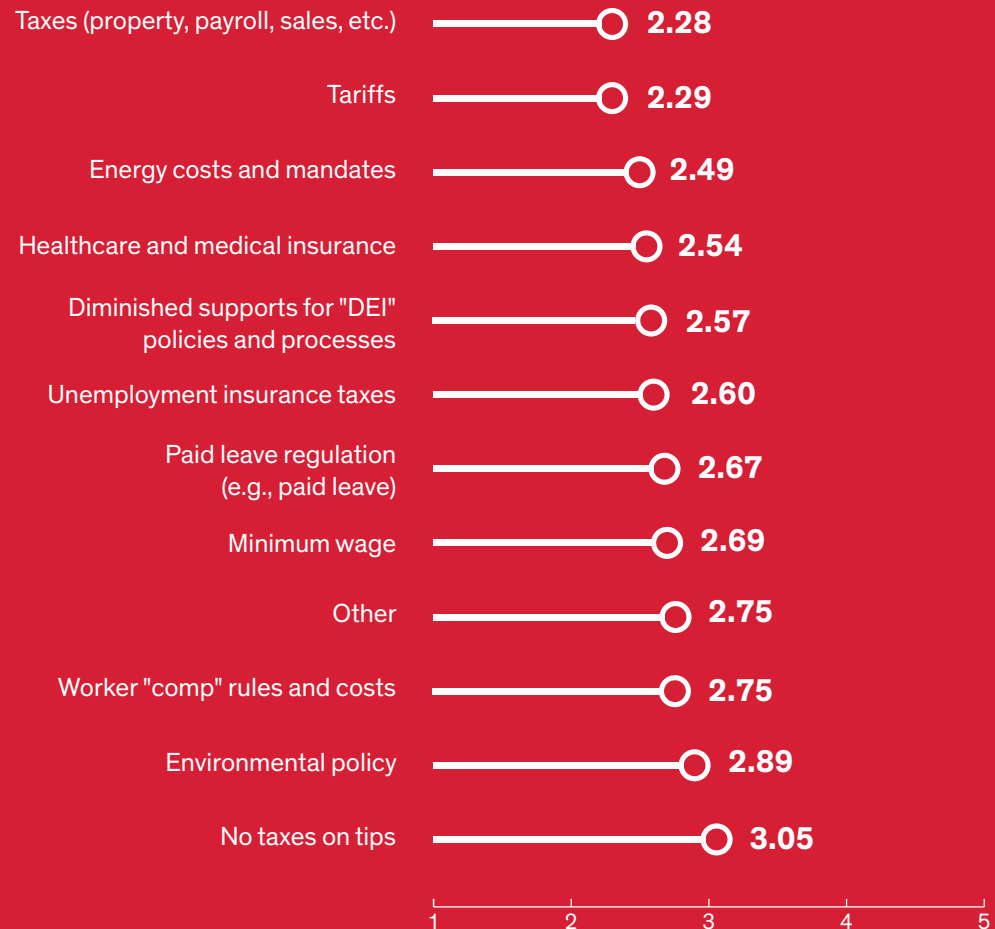
Participants note how external elements are affecting their business.



POLICY AND LEGISLATION

- On a scale of 1–5, participants rated the degree to which local government policies impacted—negatively to positively—their business.
- While some of the government policies were rated close to “no impact,” taxes and tariffs were rated as having the most negative impact.

LEGISLATION IMPACT OVER LAST 12 MONTHS



Average score of each answer is shown. Indicate the extent to which each policy has affected your business. 1=strong negative impact, 3=no impact, 5=strong positive impact

EXTERNAL CONCERNS

- On a scale of 1–5, participants rated the extent they were concerned about issues affecting their business.
- Consistent with the results related to tariffs and taxes, the highest rated concern was economic uncertainty and taxes, in addition to revenue/sales growth.

EXTERNAL CONCERNS



Average score of each answer is shown.

How concerned are you about each of these issues? 1=not at all, 3=moderately, 5=extremely

Next steps



NEXT STEPS FOR THIS STUDY AND RESEARCH

The study authors from UIC's iLEAD will share this report with those businesses that participated in the study and the neighborhood associations and industry groups that helped promote the study.

The study authors plan to conduct this study again in a year to track annual trends related to small businesses in the Chicagoland; as part of this, the goal will be to increase the sample size and expand the representation to include all Chicago neighborhoods and more industry groups.

For questions about this report, please contact the lead author:

John W. Lynch

Associate Professor, Managerial Studies

Director of Institute of Leadership Excellence and Development (iLEAD)

UIC College of Business Administration

jwlynch@uic.edu

go.uic.edu/JohnLynch



BUSINESS

IN PARTNERSHIP WITH:



CHICAGOLAND
CHAMBER OF COMMERCE

