

2026 STATE OF BUSINESS

R E P O R T

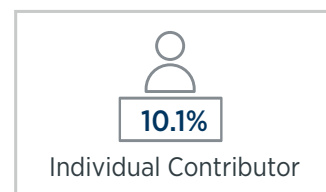
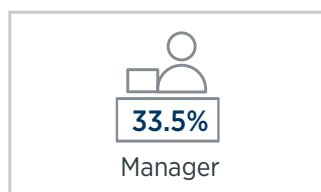
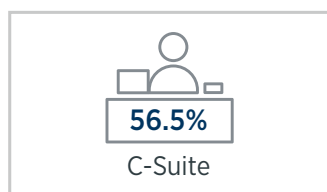


About the survey respondents

A cross-section of mainly Midwestern business leaders shared their thoughts on the business landscape—and how their business is performing. We conducted the survey from June 15-July 2, 2026.

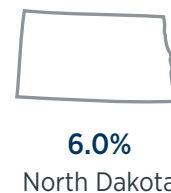
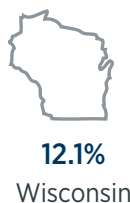
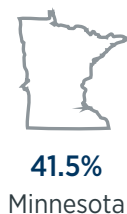
SURVEY RESULTS: JULY 2026

248 Respondents

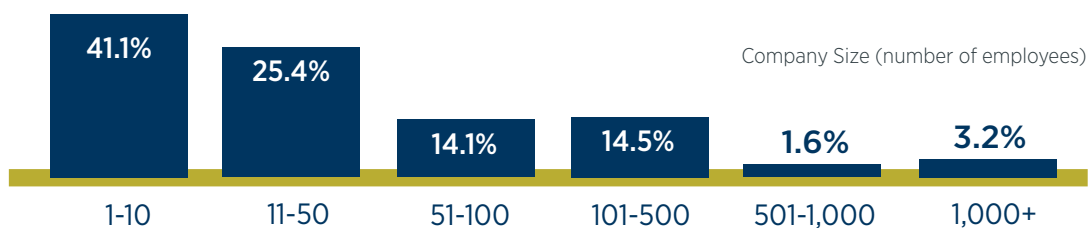


Mostly from the Midwest

No other state was above 3% in number of respondents.

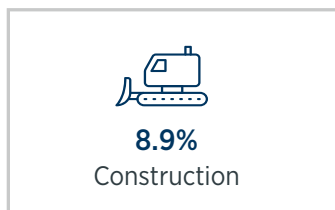
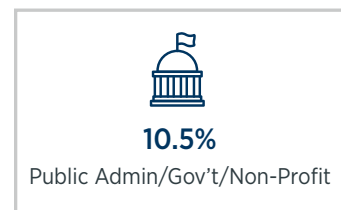
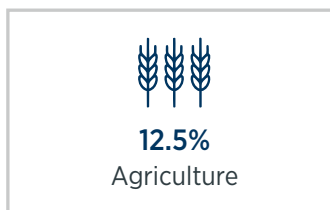


Mostly from smaller companies



In a variety of industries

While manufacturing had the biggest share, it made up less than a quarter of respondents. The six shown are the most common, though 7.3% identified their industry as “other.” Eight more industries were also part of the survey, each with fewer respondents than those shown.



KEY TAKEAWAYS

ARTIFICIAL INTELLIGENCE: AS MUCH TALK AS ACTION

While AI is prominent on the news and a key driver of the markets, almost half of business leaders told us their company wasn't engaging with it, while about a quarter were in the earliest stages of adoption. Only 8% had fully scaled enterprise deployment.

Details on page 4

INVESTMENT IN TALENT: A TOP PRIORITY

For the third straight year, two thirds of business leaders said that there are too few qualified candidates in the marketplace. Exactly half told us that finding and keeping good talent is their top business challenge. This year, business leaders were willing to back it up: Nearly 55% are investing in the workforce, up 10 percentage points compared to last year, making it the year's top area of investment. Additionally, 39% said that if a downturn took place, they would retain staff at full pay, also up substantially compared to last year.

Details on pages 5 and 6

BUSINESS LEADERS MAY BE READY TO MOVE FORWARD

Nearly 42% of respondents told us they expect their business's capital expenditure to increase this year, the highest since 2022. Overall credit usage and the use of lines of credit have ticked up compared to last year, as has the expectation of increased revenue and profit. Additionally, a plurality of respondents said that economic uncertainty has "no impact" on their business. This cluster of data may indicate that business leaders are ready to invest in the future.

Details on pages 3, 5 and 8

CYBERSECURITY INVESTMENT MAY HAVE FOUND AN EQUILIBRIUM

Last year we saw notable declines in the adoption of cybersecurity measures, after two years of nearly across-the-board jumps. This year, we're seeing modulation and the potential for an equilibrium in adoption levels.

Details on page 8

NEUTRAL ECONOMIC OUTLOOK

Across local, national and industry economic outlooks, a neutral outlook was the most frequent answer by business leaders. It held the majority of responses in local outlook, and the plurality in national and industry outlooks.

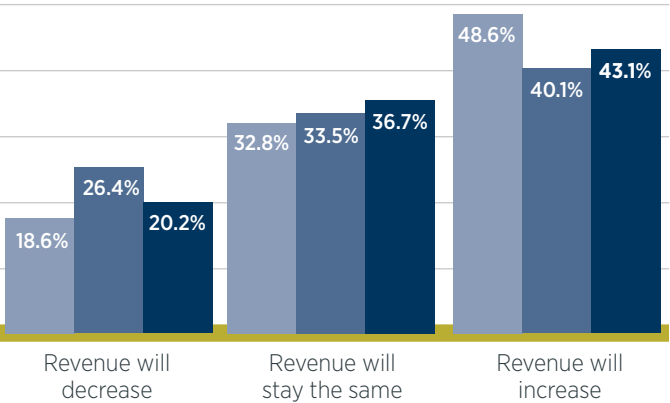
Details on page 5

CAPITAL EXPENDITURES
HAVE INCREASED, SO HAVE
EXPECTATIONS OF PROFITS

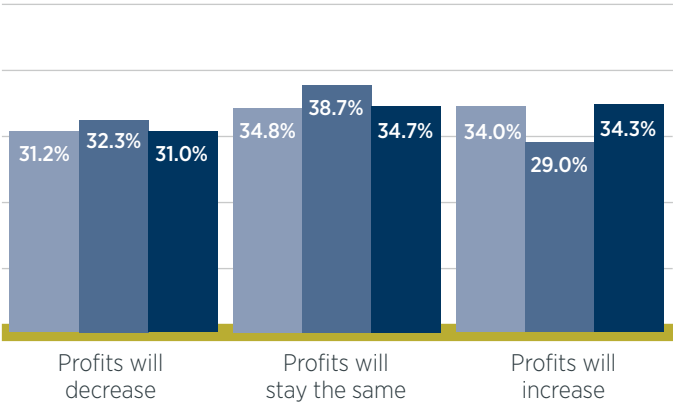
Are business leaders gaining confidence? The expectation of increased capital expenditures is up more than 9 percentage points since 2024. More say they are borrowing, compared to last year. Additionally, over a third expect increased profits this year, a jump of more than 5 percentage points compared to last year. Collectively, these data points may indicate a deeper willingness to invest in the future. On page 5, we note that businesses now seem inured to economic uncertainty—perhaps business leaders are simply ready to move forward.

2024 2025 2026

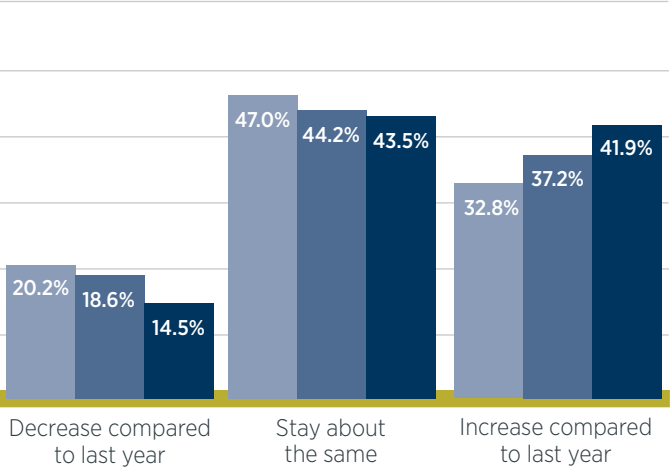
What do you expect for your company's revenue this year, compared to last year?



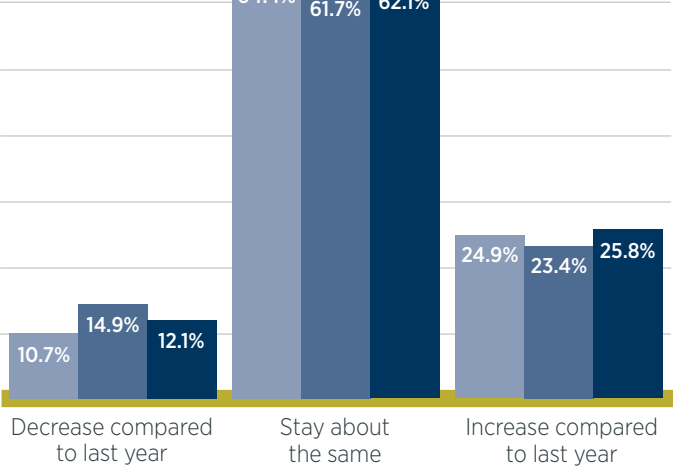
What do you expect for your company's profits this year, compared to last year?



What do you anticipate for your company's capital expenditures for the remainder of 2026?



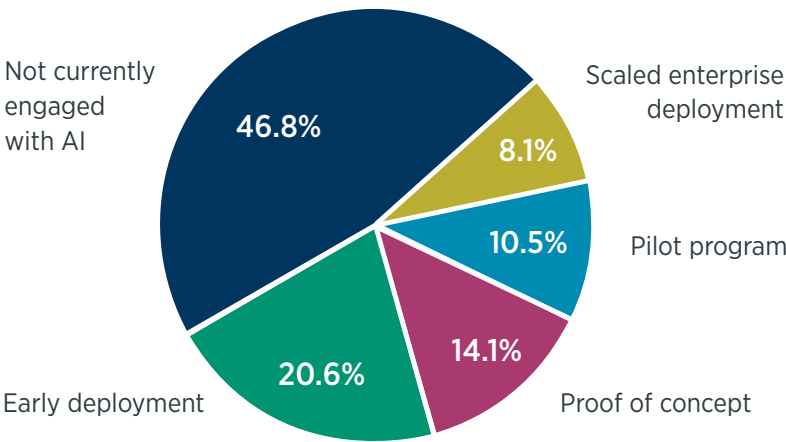
What do you anticipate for your company's credit needs for the remainder of 2026?



ARTIFICIAL INTELLIGENCE:
MANY AREN'T ENGAGING

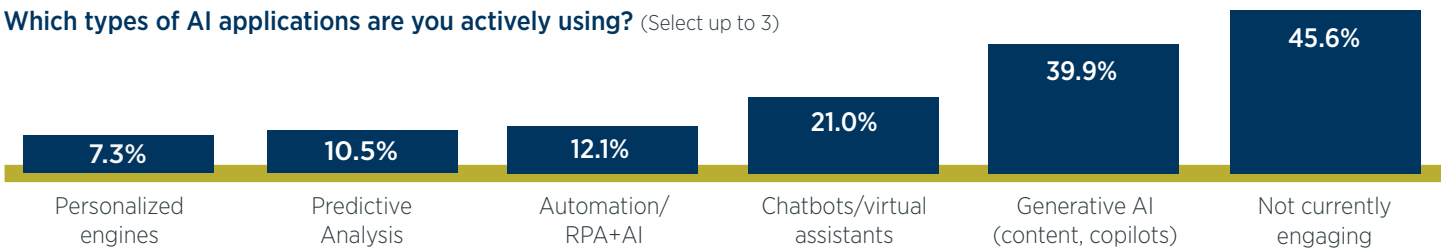
While AI is the talk of the markets, almost half of business leaders told us their company wasn't engaging with it, while about a quarter were in the earliest stages of adoption (proof of concept or pilot program). Generative AI is the most popular type of AI being used, nearly doubling the adoption of chatbots and virtual assistants. The top reasons for using AI were cited as enhanced employee productivity, cost reduction and customer experience improvement. Among those who weren't engaging, a quarter still shared their objectives for adoption, indicating that some non-engagers may have interest in implementing AI soon.

What stage are your AI initiatives in today?

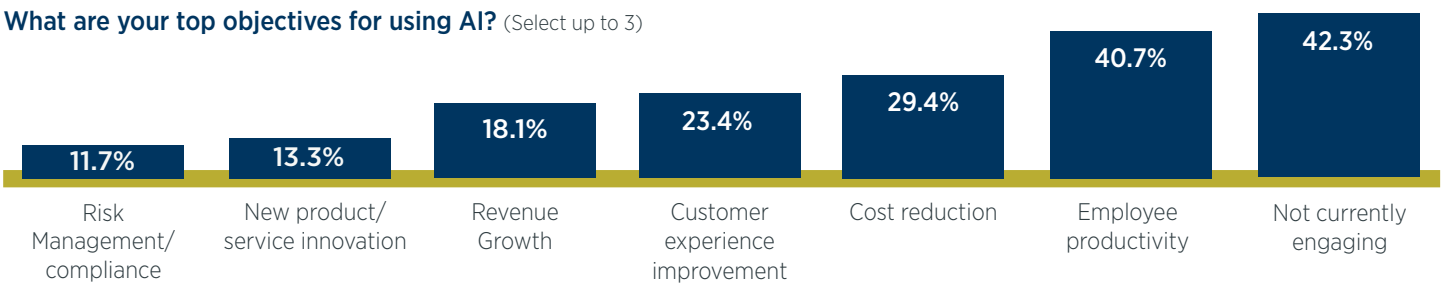


Additional open-ended comments were collected on the topic. More of them were negative than positive by a two-to-one ratio. Negative comments primarily focused on reasons the respondent didn't need AI in their business, while positive comments focused on the opportunities AI presents for enabling employees.

Which types of AI applications are you actively using? (Select up to 3)



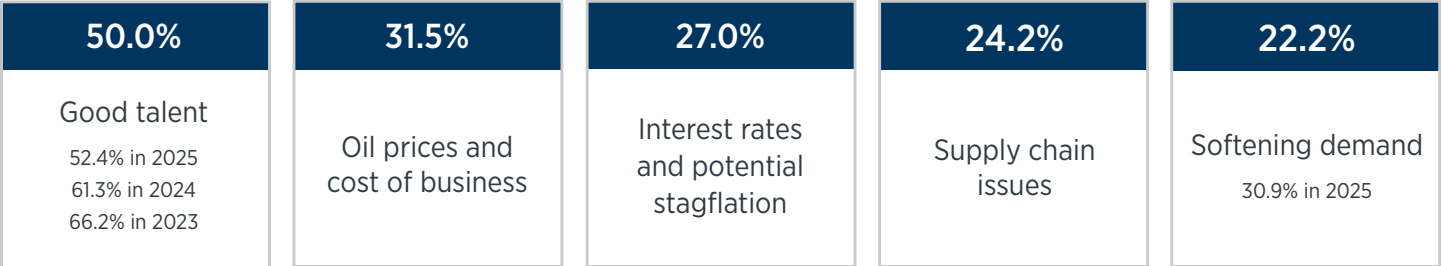
What are your top objectives for using AI? (Select up to 3)



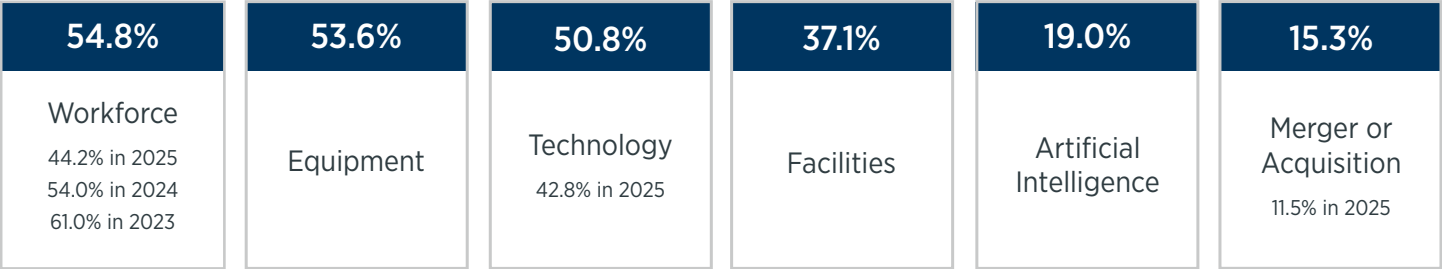
ECONOMIC UNCERTAINTY
NO LONGER KEY FACTOR;
TALENT REMAINS
TOP CHALLENGE

When asked about economic uncertainty, the most respondents gave “no impact” as their top answer, indicating that it may not be a key driver of decision-making. The top business challenge was attracting and retaining talent. This has been cited as a challenge increasingly less often in each of the last 3 years, but it remains top of mind: Nearly 55% of business leaders are investing in the workforce, a jump of more than 10 percentage points year-over-year, and this year’s top spot. Lastly, AI may be in the news, but only 19% of business leaders surveyed said they were investing in it.

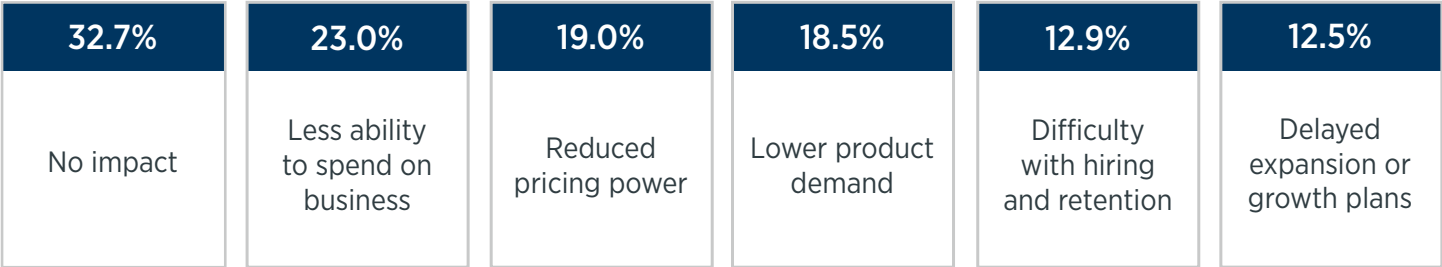
What challenges does your business face? (select all that apply)



What is your company investing in? (select all that apply)



Has economic uncertainty (tariffs, interest rates, inflation) affected your business? (select all that apply)

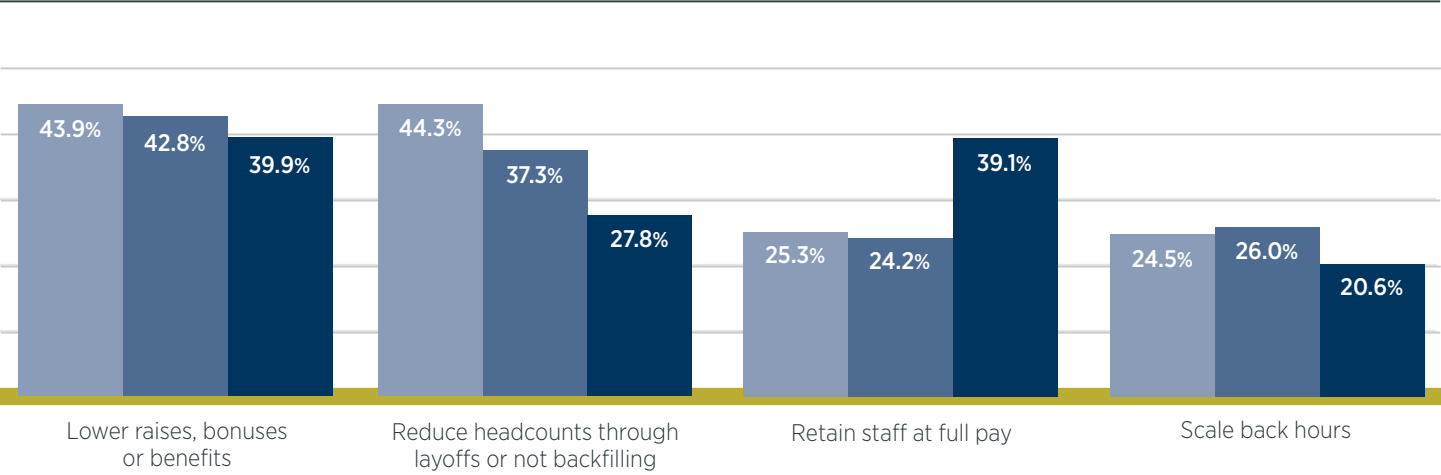


GOOD WORKERS
ARE HARD TO FIND—
AND VALUED

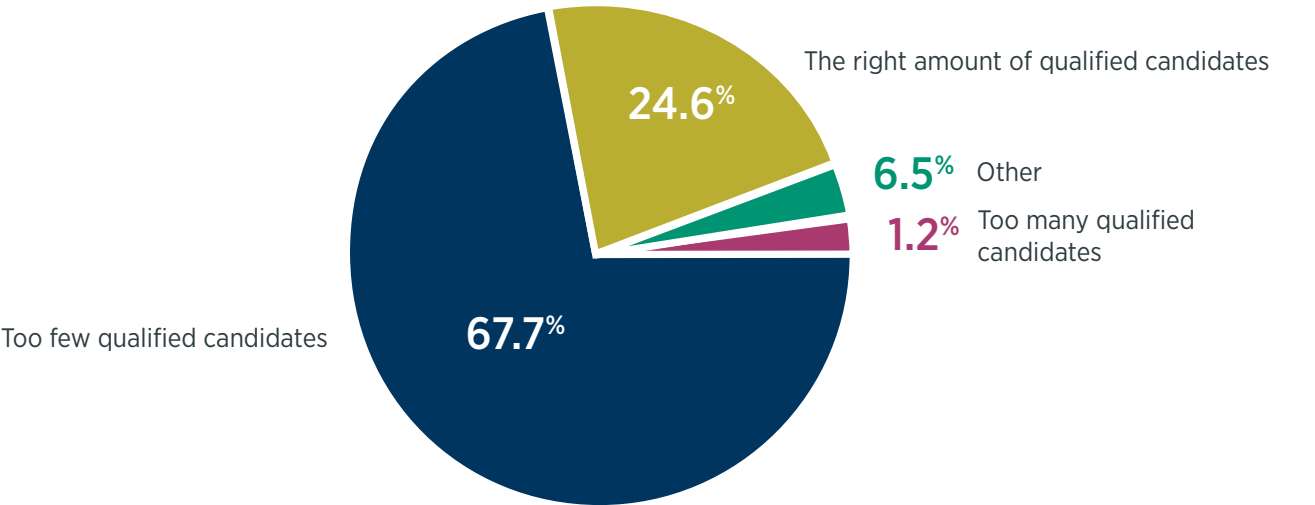
Finding good employees is a persistent problem. Once again, two thirds of business leaders said that there are too few qualified candidates in the marketplace, a response that’s consistent with the previous two years. However, this year 39% of business leaders said that if a downturn took place, they would retain staff at full pay, nearly a 15-percentage point increase compared to last year. Business leaders were also far more reluctant to reduce staff, with only 28% saying they would take this action, nearly a 10-percentage point drop from last year. The combination of these answers may indicate that employers value their employees—and being fully staffed—more than in the previous two years.

2024 2025 2026

What challenges does your business face? (select all that apply)



How would you characterize the current labor market?

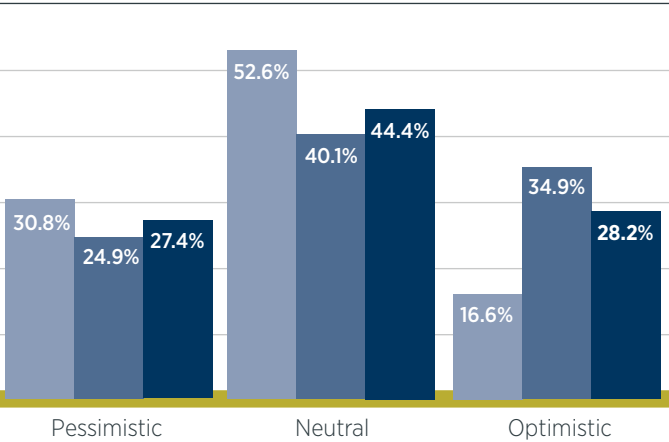


NEUTRAL ECONOMIC
OUTLOOK REMAINS THE
MOST COMMON RESPONSE

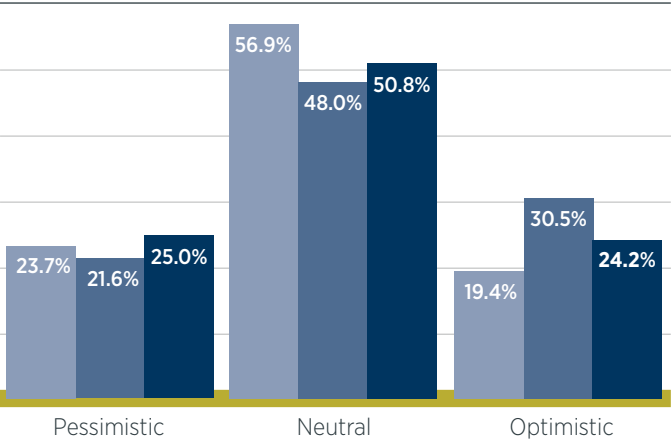
Across local, national and industry economic outlooks, a neutral outlook was the most frequent answer. It held the majority of responses in local outlook, and the plurality in national and industry outlooks. While we saw heightened levels of optimism last year, that has receded: Optimism about local and national outlooks each dipped by over six percentage points compared to last year. Industry optimism inched up two percentage points, with a corresponding decline in pessimism.

2024 2025 2026

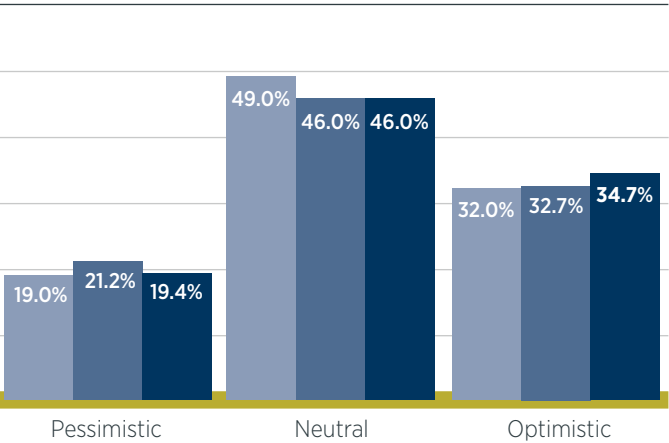
What is your outlook for the national economy?



What is your outlook for the local economy?



What is your outlook for the performance of your industry?

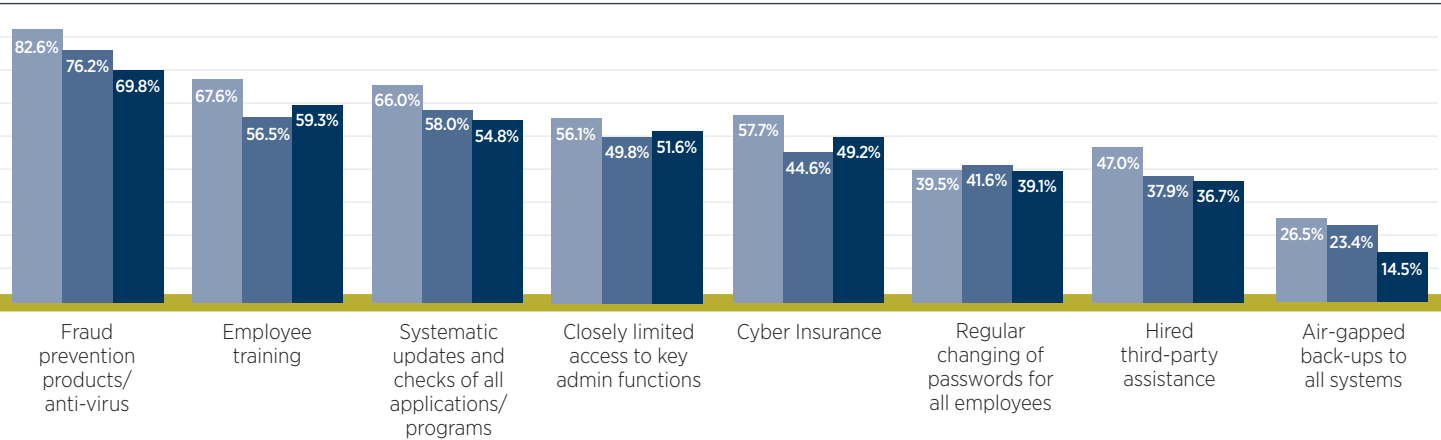


CYBERSECURITY INVESTMENT
HAS FOUND ITS LEVEL

Business leaders' investment in cybersecurity may be reaching its equilibrium. In both 2023 and 2024, we saw meaningful year-over-year increases in adoption in nearly all categories of cybersecurity. Last year, we saw notable decreases in seven of eight categories. This year, we're seeing a modulation: Five of eight categories saw a decline; three of eight saw an increase.

2024 2025 2026

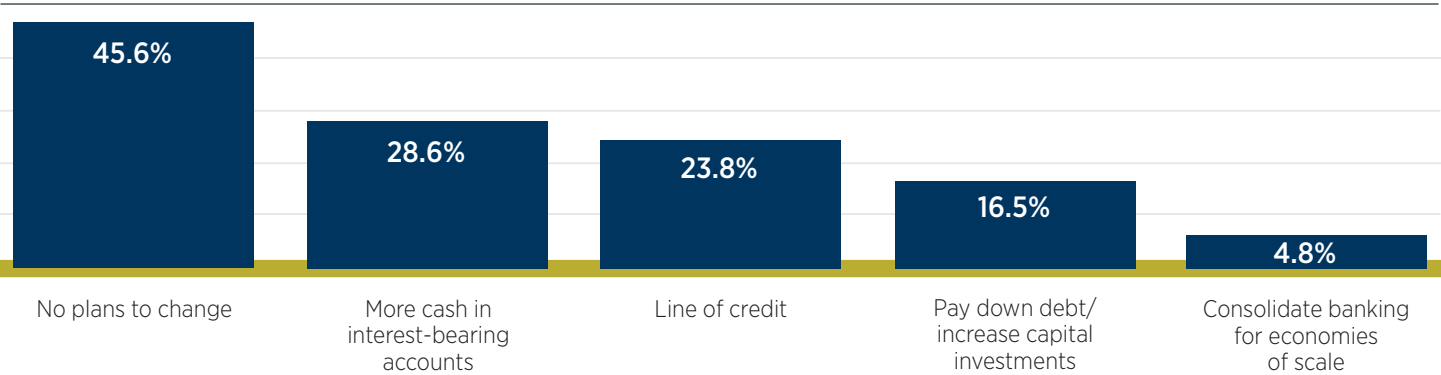
How do you protect your business against cyberthreats? (select all that apply)



HOW LIQUIDITY CHALLENGES
ARE MET THESE DAYS

These results are nearly identical to last year. Nearly half of respondents are not changing their liquidity strategy (45.6% this year; 45.7% in 2025). Among those who are changing, the use of line of credit moved the most, rising to the third spot, with a 5.2 percentage-point increase from last year.

In this volatile economic environment, how are you changing your liquidity strategy? (select all that apply)



The information presented is a summary of the information, commentary and data derived from respondents to the Survey. It is not intended to be predictive or a comprehensive view but is presented as a snapshot of what businesses across Midwestern states, primarily Minnesota, Illinois, Wisconsin, Indiana, and North Dakota have experienced and expect to experience in the coming months. 2635461-0726-177