

What's Next for Chicagoland Small Businesses:

A REGIONAL
ROADMAP FOR
INCLUSIVE GROWTH

SEPTEMBER 2026



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Executive Summary

Fiesta Party Rentals; image courtesy of The Chicago Community Trust.

Small businesses are central to Chicagoland’s economy, neighborhoods, and wealth-building potential. They create jobs, activate commercial corridors, provide essential goods and services, and offer a pathway for owners, families, and communities to build financial security. Nationally, business-owning families hold four times the net worth of non-business-owning families¹, and small businesses have created over half of all net new jobs since 2021.² Small businesses also help dollars circulate locally: a 2025 national study estimates that 68 cents of every dollar spent at a small business stays in the local community.³ In Chicagoland, there are approximately 687,000 small businesses, which generate nearly \$955 billion in revenue and support more than 1 million jobs.⁴ The success of small businesses is fundamental to building a more inclusive, resilient, and prosperous regional economy that benefits businesses, workers, and communities alike.

This report uses the term “small business ecosystem” to describe the network of institutions, relationships, programs, capital providers, public agencies, business support organizations, chambers, funders, anchor institutions, and trusted advisors that shape whether small businesses can access resources, grow, and build wealth. High-functioning ecosystems help businesses access capital, customers, business support, workforce strategies, real estate, peer networks, sustained funding, leadership capacity, and shared measures of success. A strong ecosystem is therefore not defined only by the number of programs available. It is defined by whether business owners can find the right support at the right time and use it to achieve durable outcomes.⁵

In 2018, regional funders and ecosystem partners commissioned an assessment of Chicago’s small business ecosystem to better understand the capital, service, and coordination gaps facing small businesses, particularly businesses owned by women and people of color on the South and West sides of Chicago.⁶ That assessment identified a strong but difficult-to-navigate ecosystem, a persistent gap in appropriately sized capital, and a need for more coordinated, tailored business support.

This 2026 reassessment examines the city of Chicago and suburban Cook County, referred to throughout this report as “Chicagoland” unless otherwise noted. It asks what has changed since 2018, whether small business investments have translated into sustained access, business growth, and wealth-building outcomes, and where funders, public-sector partners, capital providers, and business support organizations focus next.

1 Federal Reserve Board, Survey of Consumer Finances, 2019 and 2022 public data. Net worth comparison calculated using family business ownership status.

2 U.S. Bureau of Labor Statistics, The Economics Daily (May 7, 2026).

3 American Express, 2025 Small Business Economic Impact Study.

4 These figures are specific to Cook County. U.S. Census Bureau, County Business Patterns (2018–2023); Nonemployer Statistics (2018–2023); and Annual Business Survey (2023). Revenue data is based on all businesses.

5 Charisse Conanan Johnson and Xavier de Souza Briggs, “Time to Level Up: How to Help America’s Small Businesses Survive and Thrive in Tumultuous Times,” The Brookings Institution (May 26, 2026).

6 Next Street, Assessing Chicago’s Small Business Ecosystem: Pathways to Improved Coordination, Inclusive Growth, and Shared Prosperity, 2019.

The answer is clear – Chicagoland’s small business ecosystem is stronger than it was in 2018 – and yet multifaceted.

The region has seen **more visible public and philanthropic investment** in small businesses, especially during the COVID-19 pandemic, when the State of Illinois, Cook County, and City of Chicago, local philanthropies, and non-profits received substantial funding to launch recovery programs and grants for small businesses.

Business support coordination has strengthened through shared networks and platforms, including the Cook County Small Business Source, the Chicago Inclusive Growth Coalition, the Advisor’s Academy (a train-the-trainer model for small business advisors), Entrepreneurial Development and Leadership Institute (EDLI), WE Hub, Tech Rise Resource Hub, Hire360, and several others.

Since 2018, Chicagoland has seen **greater attention to capital access**, including new products and a higher number of loans deployed. However, total dollars deployed have declined, access remains uneven, and equity pathways continue to depend heavily on business type, growth stage, and owner networks.

Progress has been made in **strengthening trusted relationships and local intermediaries** that support small businesses.

Together, these changes point to a broader and more connected ecosystem than existed in 2018. More services, however, do not automatically mean that businesses are receiving the right support at the right time. Progress has not consistently translated into growth. Too many businesses remain undercapitalized, disconnected from the right support, or unable to act on growth opportunities. Access alone is no longer sufficient.

While the 2018 assessment emphasized the need for expanded access, this report aims to clarify that the success of the ecosystem should not be measured by the volume of programs and services alone. It should be measured by whether entrepreneurs are able to translate those resources into sustained business growth, job creation, and long-term wealth building. The next phase of investment should focus on building a better-connected system that helps Chicagoland entrepreneurs move from access to action, and from action to sustained growth and wealth-building.



Tracey McGhee, Ms. Jetsetter; photo courtesy of Cook County Small Business Source.

What We Found

1. Chicagoland has strong entrepreneurial activity, but too few businesses are scaling.

- The region is home to approximately 687,000 small businesses, but growth since 2018 has been driven largely by nonemployer firms, meaning businesses with no paid employees beyond the owner.⁷
- Nonemployer firms are important sources of entrepreneurship, self-employment, and local income generation, but employer businesses are more tied directly to payroll jobs, larger revenue potential, commercial space demand, and broader wealth-building outcomes. Chicagoland has roughly 134,000 small employer establishments, and employer establishment growth has remained nearly flat since 2018.
- Half of all small businesses generate less than \$25,000 in annual revenue, while only approximately 6 percent generate \$1 million or more.⁸ The region is generating business activity, but not enough businesses are moving into the revenue and employment levels associated with durable wealth creation.

2. Business ownership and growth outcomes remain uneven.

- Entrepreneurs in the Chicagoland area are as diverse as the region itself, but growth outcomes do not yet reflect that diversity. For example, Black-, Latine-, Asian-, and women-owned businesses continue to face barriers in capital access, networks, customer opportunities, and business support that can compound over time.
- These barriers shape which businesses are able to grow, hire, transition ownership, and build long-term wealth.⁹

3. Access to right-sized, flexible capital remains one of the clearest constraints to growth.

- In 2024, an estimated \$43 billion in capital was sought by Chicagoland small businesses, while \$8.9 billion was deployed through institutional channels, leaving an estimated \$34 billion gap.¹⁰ In other words, available capital met only about one-fifth of estimated demand, leaving nearly 4.5x more capital needed than was provided. Bank lending patterns have also shifted.¹¹
- The number of loans has increased, but total dollars deployed and average loan sizes have declined. For businesses seeking \$50,000 to \$250,000 for equipment, hiring, working capital, acquisition, or expansion, the current capital ecosystem is still not meeting demand.
- Businesses also need help understanding responsible capital options, preparing for underwriting, and connecting to the right lender at the right time.
- How Chicagoland small businesses, both Main Street and venture-backable, access capital is dependent on their business type and growth stage. And while Chicagoland has a wide range of providers and products across these categories, availability on paper does not guarantee access.

7 "Small business" includes employer businesses with fewer than 500 employees and nonemployer firms. All data reflects Cook County unless otherwise noted. Source: U.S. Census Bureau, County Business Patterns (2018–2023); Nonemployer Statistics (2018–2023); Annual Business Survey (2023).

8 Revenue data are reported at the Chicago MSA level. Source: U.S. Census Bureau, Annual Business Survey (2023).

9 U.S. Census Bureau, American Community Survey (2024); Annual Business Survey (2023); Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193.

10 U.S. Census Bureau, Statistics of U.S. Businesses and Nonemployer Statistics; Federal Reserve Small Business Credit Survey; FFIEC Data Chicago–Naperville–Schaumburg MSA; SBA 7(a), 504, and FOIA data.

11 FFIEC Community Reinvestment Act Data, Cook County (2018–2024).

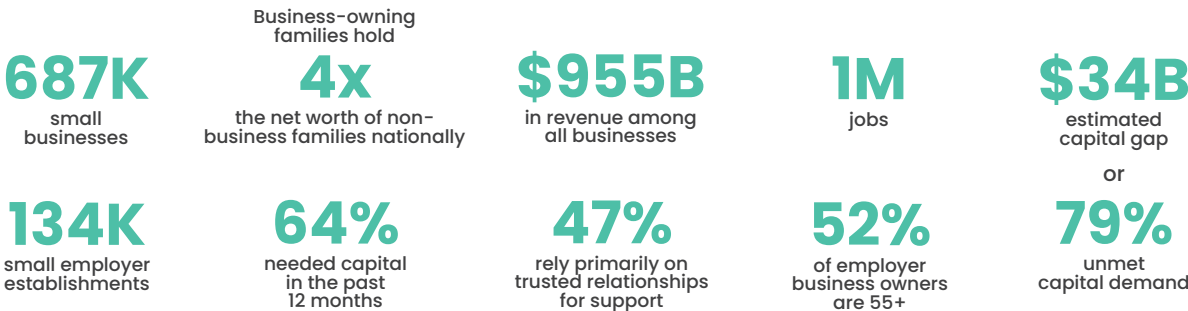
4.
Business support exists, but the right support is still too hard to find and use.

- Chicagoland has a large and valuable network of business support organizations, chambers, public-sector programs, community-based organizations, CDFIs, other mission-driven lenders, incubators, accelerators, and specialized providers. Yet business owners often experience the ecosystem as difficult to navigate.
- As part of this reassessment, we conducted a small business survey across Chicagoland to hear directly from business owners about their experiences navigating the ecosystem. Nearly half of respondents reported accessing business support primarily through trusted personal relationships, while only 20 percent primarily rely on formal business support organizations. Trust, proximity, and warm handoffs matter as much as program availability.

5.
Growth-stage and succession-stage businesses are not consistently served by current infrastructure.

- Many resources remain oriented toward launch, stabilization, or broad technical assistance. Businesses trying to add employees, expand operations, access larger customers, prepare for capital, or transition ownership need deeper and more tailored support. This is especially important because 52 percent of Chicagoland employer business owners are 55 or older, while formal succession planning remains limited.¹²
- Without stronger ownership transition infrastructure, the region risks avoidable business closures, job loss, corridor disruption, and loss of locally held business value.
- Nationally, well-managed ownership transitions could preserve up to 12 million jobs and \$250 billion in annual local spending power. Chicagoland’s business support systems need to be ready to meet this moment.¹³

Key Small Business Facts



Laura Santoyo, Date Nite Beaute; photo courtesy of Cook County Small Business Source.



¹² U.S. Census Bureau, Annual Business Survey (2023); Project Equity (2024).

¹³ McKinsey Institute for Economic Mobility, The Great Ownership Transfer: A new era of business stewardship (February 2026).

Priority Needs

The report points to four priority needs for the next phase of small business ecosystem investment.

Priority Need	What It Means
Coordinated Growth-Stage Support	Help established businesses strengthen operations, add employees, access larger customers, prepare for capital, and move from stability to growth.
Right-Sized and Flexible Capital	Expand capital products that fit business cash flow, use of funds, risk profile, and growth stage, including more flexible microloan options and missing-middle capital in the \$50,000 to \$250,000 range, and help business owners find the right offerings to fit their business needs.
Ownership Transition and Business Continuity	Prepare owners for succession, preserve viable businesses, and create ownership pathways for family members, employees, local entrepreneurs, and buyers from communities with lower rates of business ownership.
Navigation, Referral Infrastructure, and BSO Capacity	Build clearer entry points, warmer referrals, service mapping, capital navigation, and sustained capacity for business support organizations to coordinate around shared outcomes.

These needs are interconnected. Growth-stage support is less effective without capital. Capital access is weaker without navigation and borrower readiness. Ownership transition depends on advisory support, buyer preparation, and financing. The broader ecosystem also matters. Business support organizations, financial institutions, banks, investors, universities, public agencies, and funders all need the capacity and incentives to work together.



Latrice Wright, Pink Panini; photo courtesy of Cook County Small Business Source.

Recommended Investments Areas

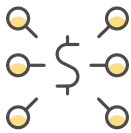
The next phase of investment should prioritize system-building over standalone programming — that is, coordinating across partners and programs to elevate and invest in existing infrastructure, rather than standing up net new programs. Chicagoland has strong assets to build from, but the existing system needs to become easier to use, better matched to business needs, and more accountable for growth outcomes.

The solutions roadmap organizes these needs into four investment areas.



Build a coordinated growth-stage support system.

Expand support for established employer businesses and other businesses with growth intent through existing BSOs and specialized partners. Priority investments include scaling-specific BSO programming, growth-stage peer cohorts and accelerators, a shared professional services network, procurement and market access support, practical AI and operational efficiency training, and assistance in finding and building out appropriate commercial space. This should include a clear focus on the roughly 134,000 small employer establishments that are most directly positioned to create jobs, expand commercial activity, and build transferable business value.



Unlock right-sized and flexible capital.

Close the missing middle financing gap by strengthening CDFIs, mission-driven lenders, community-based lenders, banks, and other capital providers positioned to serve businesses outside conventional credit boxes. Priority investments include flexible capital products in the \$50,000 to \$250,000 range, revenue-based financing where appropriate, pre-capital technical assistance, capital navigation, and blended capitalization tools such as lendable capital, operating grants, loan loss reserves, and loan participations.



Preserve local businesses through ownership transition.

Build ownership transition infrastructure before more legacy businesses close without a plan. Priority investments include a two-track succession advising model, with early-stage planning for owners beginning to explore options and implementation support for owners ready to transition. Over time, this should connect to employee ownership assistance, buyer preparation, acquisition capital, and buyer-seller matchmaking.



Strengthen navigation and ecosystem accountability.

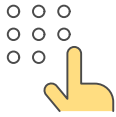
Make the small business ecosystem easier to navigate by investing in existing hubs and coalitions, creating a shared inventory of BSO services, so businesses and referral partners can quickly identify who offers what and where, connecting businesses to capital guidance through organizations they already trust, creating shared intake and warm referral approaches, and developing shared metrics that track outcomes by geography, ownership, demographics, and business stage.

Surf's Up; photo courtesy of The Chicago Community Trust.



Recommended Near-Term Actions

Implementation should begin with a limited set of practical actions that create momentum without overbuilding too early.



Map existing growth-stage supports before creating new programs.

Create an inventory of which organizations serve established businesses, what services they provide, whom they reach, and where important gaps remain.



Identify anchor partners for growth-stage delivery.

Select a small group of trusted organizations to coordinate services and connect growing businesses with professional advisors, procurement opportunities, and capital.



Convene a capital provider roundtable.

Bring banks, CDFIs, funders, and business support providers together to identify unmet financing needs, barriers facing lenders, and opportunities for joint action.



Design a missing-middle capital pilot.

Develop and test financing of \$50,000 to \$250,000, paired with outreach and hands-on assistance to help businesses qualify and use the capital effectively.



Launch the two-track succession advising model.

Offer one track to help owners explore succession options early and another to provide legal, financial, valuation, and buyer-readiness support when they are ready to transition.



Build the foundation for navigation and warm referrals.

Establish shared referral practices, place navigators within trusted organizations, and track whether businesses successfully connect with the services they need.

Together, these actions build on Chicagoland's existing assets while addressing the most immediate gaps in growth support, capital access, ownership transition, and ecosystem navigation.

Call To Action

Delivering on these investments will require coordinated action across the region's small business ecosystem. Every stakeholder represented in this report, from philanthropic funders and public-sector partners to BSOs, lenders, anchor institutions, and entrepreneurs themselves, has a distinct role to play in moving these recommendations from strategy to implementation.

No single institution can strengthen the ecosystem alone. By aligning investments, coordinating support, and holding one another accountable to shared outcomes, Chicagoland can build a more effective ecosystem that helps entrepreneurs grow their businesses, create jobs, preserve local ownership, and build lasting wealth across the region.

Please see Section 9: Solutions Roadmap for detailed recommendations, including suggested roles (from philanthropic funders providing flexible capacity funding, to CDFIs designing missing-middle capital products) and Key Performance Indicators (KPIs) to drive implementation and hold stakeholders accountable across the ecosystem.



Cleo's

SOUTHERN CUISINE

Introduction & Project Context

Cleo's Southern Cuisine
photo courtesy of The Chicago Community Trust.

The 2026 Chicagoland Small Business Ecosystem Reassessment comes at an important moment for the region. Since the 2018 assessment, Chicagoland's small business ecosystem has expanded, adapted through the pandemic, and benefited from new public and philanthropic investments. At the same time, many small businesses continue to face persistent barriers to growth, including difficulty accessing appropriate capital, navigating fragmented support resources, reaching more customers, and building the systems needed to scale or transition ownership.

Yet the ability to start, sustain, and grow a business is not evenly distributed across the region. Many small businesses continue to face barriers in accessing capital, navigating support resources, reaching new customers, and building the systems needed to grow. These barriers are especially significant for business owners and their workers who have historically faced structural disinvestment, weaker access to networks, and less flexible financing.

This report is the product of the 2026 Chicagoland Small Business Ecosystem Reassessment, a research and strategy initiative that builds on a 2018 baseline assessment of Chicago's small business ecosystem. The reassessment examines what has changed since 2018, where progress has been made, where gaps remain, and what priority investments can help more small businesses access support, grow, transition ownership, and build wealth.

The work was commissioned by a funder coalition, including Builders Vision, The Chicago Community Trust, the Coleman Foundation, Crown Family Philanthropies, the Fund for Equitable Business Growth (FEBG), JPMorganChase, the John D. and Catherine T. MacArthur Foundation, and the Polk Bros. Foundation. Public-sector partners included the City of Chicago Department of Business Affairs and Consumer Protection (BACP) and Cook County Bureau of Economic Development.

Why This Reassessment Matters Now

The 2018 assessment established an important baseline and actionable recommendations, many of which are in flight today. It mapped the business support and capital landscape, identified gaps in coordination and capital access, and pointed to the need for more tailored support for small businesses across different stages and communities.

Eight years later, Chicagoland faces a new inflection point. The region has weathered COVID-19, navigated a wind down from unprecedented federal stimulus funding from the American Rescue Plan Act (ARPA), and is confronting rising costs, tightening credit conditions, and persistent inequities in access to capital and support. Business applications surged during the pandemic and remain above pre-pandemic levels, but employer firm growth has been flat, and many businesses still struggle to access the capital and support needed to scale.

The ecosystem has grown since 2018. The region has seen new public-sector platforms, expanded philanthropic funding, pandemic recovery programs, greater attention to CDFIs and alternative capital, and stronger coordination among business support organizations. But expansion alone is not the measure of success. What matters is whether this stronger infrastructure is reaching the businesses that need it most and helping translate access into revenue growth, appropriate capital, ownership transition, and long-term wealth-building. That is the question this reassessment set out to answer.

Helen Borowicz, The Cinderella Diner; photo courtesy of The Chicago Community Trust.



Research Approach

This reassessment asked:

What has changed in Chicagoland's small business ecosystem since 2018, and where should the region focus next to help more businesses access support, grow, and build wealth?

To answer that question, we combined data analysis, ecosystem research, stakeholder interviews, and direct input from small business owners. The goal was not only to understand what resources exist, but also how business owners experience the ecosystem: where they turn for help, what support they trust, what capital they can access, and what gaps still prevent businesses from moving from stability to growth.

The research builds on the 2018 Chicago small business ecosystem assessment, which identified a large but fragmented network of business support organizations and capital providers. That report found persistent barriers around ecosystem navigation, access to appropriately sized capital, and support tailored to business stage, industry, and owner needs. This reassessment uses that baseline to examine where progress has been made and where structural gaps remain.

Business Owner, McKinley Park; *photo courtesy of The Chicago Community Trust.*



How We Defined and Segmented Small Businesses

Small businesses are not a single segment. A sole proprietor, a neighborhood restaurant, a construction subcontractor, a childcare provider, and a high-growth technology firm may all be “small businesses,” but they face different barriers and need different forms of support.

For this reassessment, we analyzed small businesses across several dimensions:



Business size.

The analysis includes nonemployer firms and employer firms across Chicagoland. Where data allowed, we looked at both revenue and employee count to understand how businesses are distributed across size bands and where firms may be getting stuck before reaching employer scale or higher revenue thresholds.



Place.

We examined business activity across Chicagoland, defined here as the city of Chicago and suburban Cook County unless otherwise noted. We paid particular attention to commercial corridors and zip codes with different levels of business concentration, including areas where residents and business owners have historically faced disinvestment. This lens helped us understand where businesses are located, where support organizations are concentrated, and where access may be thinner. Note: Where Cook County-level data was unavailable, we used Chicago Metropolitan Statistical Area (MSA) data instead, as a proxy for Chicagoland.



Growth stage.

We used the Business Age and Growth Segmentation, or BAGS framework to understand how business needs shift as firms move from ideation and launch to stabilization, managed growth, aggressive growth, and succession.¹⁴ This framework helped distinguish between businesses that need foundational support and those that need more specialized help to hire, expand, access larger customers, formalize operations, or transition ownership.



Business type and industry.

We considered differences in customer base, operating model, industry, and growth path. Some businesses primarily serve local consumers, while others sell to institutions, government, or other businesses. These distinctions shape capital needs, regulatory requirements, workforce models, and customer acquisition pathways in meaningful ways. These distinctions were used as analytical lenses, not fixed labels, because many businesses do not fit neatly into one category.



Owner demographics.

Where available, we analyzed business ownership patterns by race, ethnicity, gender, and age. This lens helped us understand whether business ownership and access to support reflect the diversity of the region and where disparities may persist.

¹⁴ Maija Renko and Clark McCain, “How Local Organizations Can Optimize Assistance for Business Owners,” Entrepreneur & Innovation Exchange, November 26, 2024. The authors describe the Business Age and Growth Segmentation framework as a tool for BSOs to map business support offerings by business age and growth rate, identify referral pathways across providers, and surface gaps in programming for different business types.

Together, these segmentation lenses allowed us to move beyond broad observations about “small businesses” and focus instead on which businesses are being reached, which are not, and what kinds of support are most relevant at different stages of growth. Figure 1 summarizes the segmentation framework used for this reassessment, including business size, revenue, growth stage, place, industry, and owner demographics. The framework is not intended to replace SBA size standards, which vary by industry and are often used for federal eligibility purposes. Instead, it was used as an analytical tool to understand how support needs differ across Chicagoland businesses, from nonemployer firms and microbusinesses to established employer businesses approaching middle-market scale.

Figure 1: Small Business Segmentation Framework

Segment	Nonemployer firms	Microbusiness	Small employer firms	Middle-market / growth firms	Analytical lenses
Employees	0 paid employees beyond owner	1-9	10-49	50-499	Place: City of Chicago, suburban Cook County, commercial corridors, CDFI Investment Areas
Revenue	Typically <\$100K	Typically \$100K-\$1M	Typically \$1M-\$10M	Typically \$10M+	Business age and growth stage: Ideation, emerging, established / growth, succession
Description	Independent workers and businesses with no paid staff	Businesses with small teams and early operating structure	Businesses with stable operations, growing customer base, and management needs	Mature businesses with more complex systems, staffing, and growth needs	Industry and business model: Main street, B2B, government / institutional-facing, sector-specific businesses Owner demographics: Race, ethnicity, gender, age, and other available ownership demographics Capital and support needs: Capital readiness, customer access, operations, hiring, succession, navigation

Note: This segmentation was used as an analytical framework for the reassessment and does not replace SBA industry-specific size standards.
Source: Next Street segmentation, informed by SBA and U.S. Census Bureau definitions

Mary Aregoni, owner of Saigon Sisters, at the Hatchery;
photo courtesy of Allies for Community Business.



A Note on Terminology.

This report primarily uses **business support organizations (BSOs)** to describe organizations that provide advising, technical assistance, training, networking, referrals, certification support, capital readiness, or other services to small businesses. Some stakeholders use **entrepreneurship support organizations (ESOs)**, especially for organizations focused on startups, founders, incubators, accelerators, or entrepreneurial ecosystems. Because these categories often overlap, we use BSO as the broader term throughout the report unless referring to a specific entrepreneurship-focused program or organization.

What We Analyzed

The research included six core activities.

01. Small Business Landscape Analysis

We analyzed public datasets to understand how Chicagoland's small business base has changed since 2018. This included trends in business formation, employer and nonemployer businesses, revenue distribution, employee size, ownership demographics, owner age, geography, and industry mix. The most recent year of consistently available U.S. Census Bureau data at the time of analysis was 2023, reflecting the standard 18 to 24 month release lag for County Business Patterns, Nonemployer Statistics, and the Annual Business Survey.

02. Business Support Ecosystem Analysis

We analyzed a sample of Chicagoland business support organizations to understand where support is located, who it appears positioned to serve, and what capacity exists across the ecosystem. This analysis looked at organization location, geographic coverage, proximity to communities of color and lower-income areas, financial capacity, and areas of service focus. The purpose was not to evaluate individual organizations, but to understand the system.

03. Capital Ecosystem Analysis

We examined small business capital from both supply and demand perspectives, including lending trends, average loan sizes, total capital deployed, capital provider activity, and available capital products. This analysis built on the 2018 assessment and other existing research on the regional capital landscape to understand how capital gaps have evolved and where product, readiness, and navigation barriers persist.

04. Small Business Survey

We conducted a small business survey to hear directly from business owners across Chicagoland. The survey asked about business conditions, growth priorities, capital needs, experience accessing financing, use of business support services, succession planning, and future outlook. Survey results helped identify patterns in capital demand, barriers to using support services, reliance on trusted relationships, and differences by growth stage, geography, industry, and owner characteristics.

05. Small Business Interviews and Focus Groups

We conducted one-on-one interviews and focus groups with small business owners to go deeper than the survey could. These conversations helped us understand how barriers show up in practice: when owners need capital but do not apply, when support feels too basic for their stage, when formal systems feel hard to navigate, or when they see growth opportunities but lack the capacity to act on them.

06. Stakeholder Interviews and Ecosystem Engagement

We interviewed business support organizations, capital providers, public-sector leaders, economic development practitioners, and other ecosystem stakeholders. These interviews helped pressure-test findings, fill gaps in the data, and understand how the ecosystem has changed since 2018.

We also worked closely with a Leadership Group and Steering Committee throughout the project. These groups reviewed preliminary findings, identified priority needs, tested emerging recommendations, and helped prioritize solutions based on potential impact and ease of implementation. See Appendix for additional information.

How to Read the Findings

This report combines quantitative and qualitative evidence. Each source has strengths and limitations. Public datasets show market-level trends, but they do not always capture the lived experience of business owners or use consistent definitions across geography, revenue, ownership, and employment size. Survey and focus group findings provide direct owner perspectives, but they should be interpreted as directional rather than fully representative of every small business in Chicagoland. The BSO and capital analyses provide a system-level view, not a complete inventory or performance assessment of every organization or provider.

To address these limitations, we looked for patterns across multiple sources. We treated findings as strongest when they appeared in the data, surfaced in small business owner input, and were validated by stakeholders.

A4CB's Strategic Growth Advisor Rowan Richards and Juan Betancourt, owner of ArePA George, at The Hatchery;
photo courtesy of Allies for Community Business.





Small Business Landscape

Chop Shop Barberia; photo courtesy of The Chicago Community Trust.

Chicagoland is home to approximately 687,000 small businesses as of 2023, ranging from nonemployer firms and microenterprises to established employer firms approaching mid-market scale.¹⁵ These businesses serve local consumers, supply larger corporations and government buyers, create jobs, anchor commercial corridors, and contribute to community wealth.

The landscape has changed since the 2018 assessment, but unevenly. Business formation has increased, but employer firm growth has remained nearly flat. Business ownership is diverse in some respects, but growth outcomes remain uneven across race, ethnicity, gender, geography, and business stage. At the same time, many established owners are approaching retirement without formal succession plans, creating a growing business continuity challenge.

This section examines Chicagoland's small business base across scale, geography, ownership, age, industry, and business needs to understand where the ecosystem is generating momentum and where structural barriers continue to limit growth.

Small Business Landscape at a Glance

687K

small businesses

+2.4%

nonemployer growth
per year since 2018

93,900

business applications
in 2023

71%

of owners 65+
report succession
concerns

64%

needed capital
in the past
12 months

vs

but only

80.5%

nonemployer
businesses

+0.1%

employer growth
per year since 2018

52%

of employer
business owners
are 55+

29%

have a formal
plan

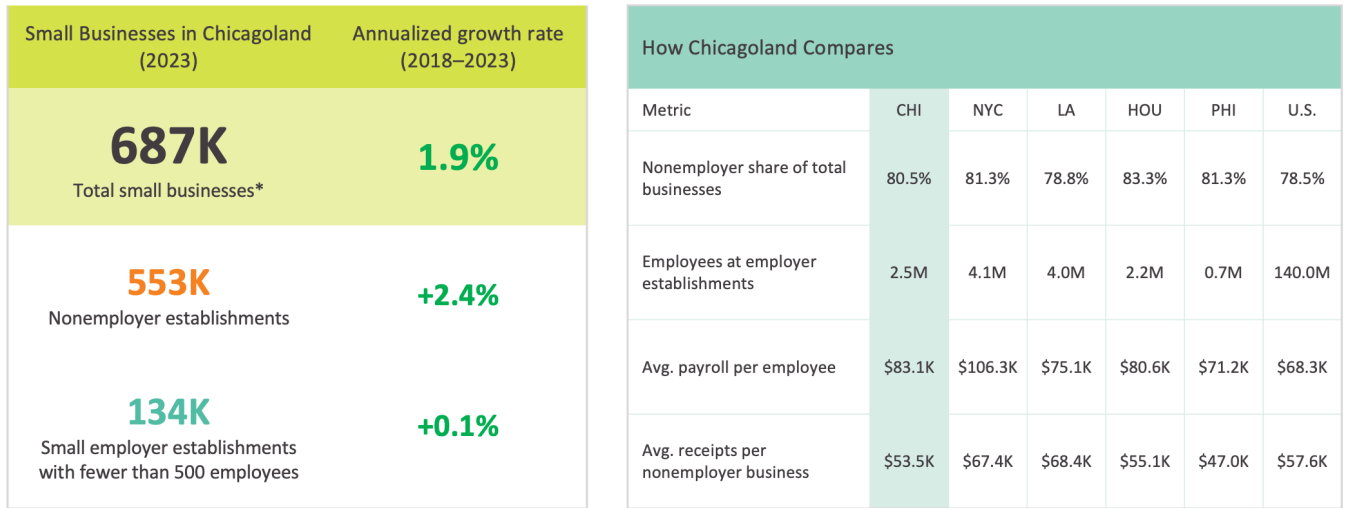
47%

rely primarily on
trusted personal
relationships
for support

¹⁵ "Small business" includes employer establishments with fewer than 500 employees and nonemployer establishments. All data reflects Cook County unless otherwise noted. Source: U.S. Census Bureau, County Business Patterns (2018–2023); Nonemployer Statistics (2018–2023); Annual Business Survey (2023).

Scale and Formation: A Growing but Uneven Landscape

Figure 2: Small Businesses in Chicagoland and Peer Markets (2023)



Note: * “Small business” includes employer establishments with fewer than 500 employees and nonemployer businesses. Employer establishment counts are from County Business Patterns; nonemployer counts and receipts are from Nonemployer Statistics. Chicago reflects Cook County. NYC reflects the five counties that make up New York City. Houston reflects Harris County.

Source: U.S. Census Bureau, County Business Patterns (2018 – 2023); Nonemployer Statistics (2018 – 2023)

As Figure 2 shows, Chicagoland’s small business base is large, but growth is uneven. Nonemployer firms, meaning businesses with no paid employees beyond the owner, account for most of the growth since 2018. These firms reflect entrepreneurial entry, self-employment, and local income generation. Employer firms, by contrast, are more directly tied to payroll jobs, larger revenue potential, commercial space demand, and broader wealth-building outcomes. Yet employer firms grew at just 0.1 percent annually over the same period.¹⁶ Nationally, employer firm growth averaged approximately 0.8 percent annually, suggesting that Chicagoland’s employer base has grown more slowly than the country as a whole.¹⁷

Compared with peer markets, Chicagoland has a similar share of nonemployer businesses, but lower average receipts per nonemployer business than New York City, Los Angeles, Houston, and the U.S. overall. **This reinforces the report’s central point: the region is generating entrepreneurial activity, but too few firms are moving into the revenue and employment levels associated with durable wealth creation.**

This divergence signals strong entrepreneurial entry but limited progression from solo operation to employment-generating businesses. Chicagoland is generating new businesses at a healthy rate, but many remain nonemployer firms or low-revenue businesses and do not consistently move into employer or higher-revenue categories. That progression challenge is central to the case for growth-stage support.

Business formation is increasing, but scale is not following at the same pace. Revenue data reinforces this pattern. A large share of Chicagoland small businesses remains concentrated at lower revenue levels, while relatively few reach the revenue levels associated with sustained hiring, commercial expansion, or long-term wealth-building.

“Growth in the number of businesses is happening, but it is growth at the bottom. The businesses that would create real jobs and real wealth in our communities are not scaling at the rate we need.”
– Chicagoland business support leader

16 U.S. Census Bureau, County Business Patterns (2018–2023). Cook County. Employer firm growth rate of 0.1% annually calculated over the 2018–2023 period for firms with fewer than 50 employees.

17 U.S. Census Bureau, County Business Patterns (2018–2023). National figures reflect employer firms across all geographies. Chicagoland figure reflects Cook County employer firms with fewer than 50 employees.

The revenue concentration at the lower end of the market has important implications for the ecosystem's goals. If the measure of success is business formation, the region is performing well. If the measure is sustained employment, wealth-building, or corridor vitality, the picture is more challenging. A business generating less than \$25,000 annually is typically not in a position to hire, take on commercial space, qualify for institutional capital, or build the kind of equity that translates into long-term community wealth. Helping more businesses move up the revenue ladder should be a central design principle for the next phase of ecosystem investment.



Juan Carlos Hernandez, Print Innovation Lab;
photo courtesy of Cook County Small Business Source.

Business Formation and Optimism: Resilient but Uneven

Figure 3: Chicagoland Business Applications (2023)

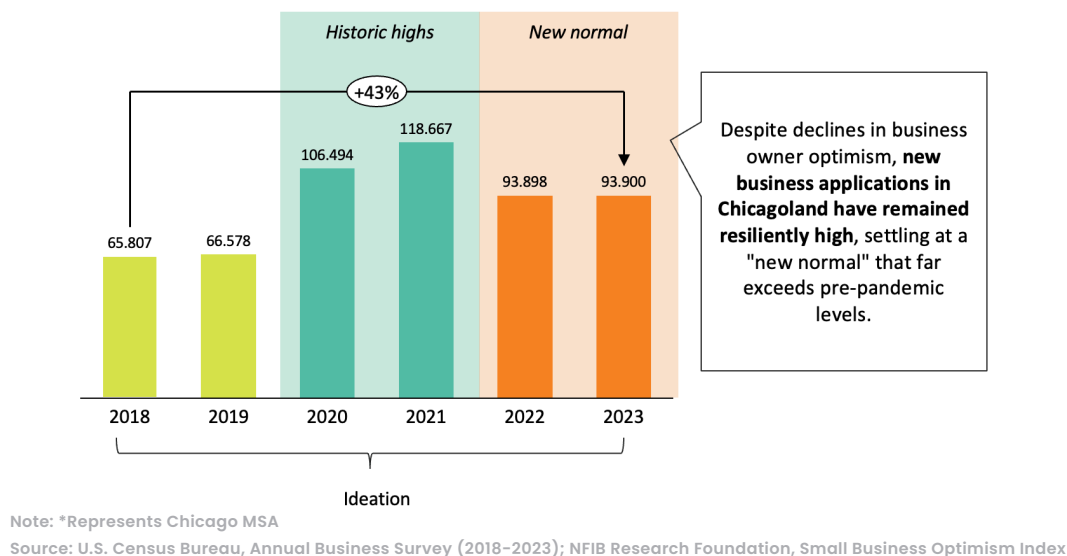


Figure 3 places the growth pattern in broader context. Business applications in Chicagoland surged during 2020 and 2021 as a direct result of pandemic-driven disruption, reaching historic highs, and have since settled at levels approximately 43 percent above pre-pandemic baselines. This pattern mirrors national and local data showing that entrepreneurship often accelerates in response to crisis and economic shock, as displaced workers and shifting market needs create new openings for business formation. The sustained elevation suggests that the region's entrepreneurial momentum, born out of this disruption, has proven durable despite ongoing economic headwinds. Entrepreneurship in Chicagoland is not declining; it remains active and resilient.

However, business owner optimism tells a more complicated story. Despite elevated application rates, business owner optimism has declined from its pandemic-era peak. This does not mean entrepreneurs lack ambition. Rather, it suggests that many owners are trying to grow in a more difficult operating environment, with rising costs, tighter credit, and persistent uncertainty shaping their outlook.

Business stage data reflects Chicagoland's maturing entrepreneurial base. Ideation-stage businesses are still exploring a concept and may not yet have consistent revenue, customers, or a formal operating structure. Emerging businesses are active businesses in their first year of operation, often still working toward stability, repeat customers, and reliable cash flow. Established businesses make up the largest share of the base and are where the most significant unmet need for growth-stage support resides. This reinforces the report's broader finding: the ecosystem should continue supporting formation and early survival, while placing greater emphasis on helping established businesses move from stability to growth.

Geography: Where Businesses Concentrate—and Where They Do Not

Figure 4: Chicagoland Establishments by ZIP Code

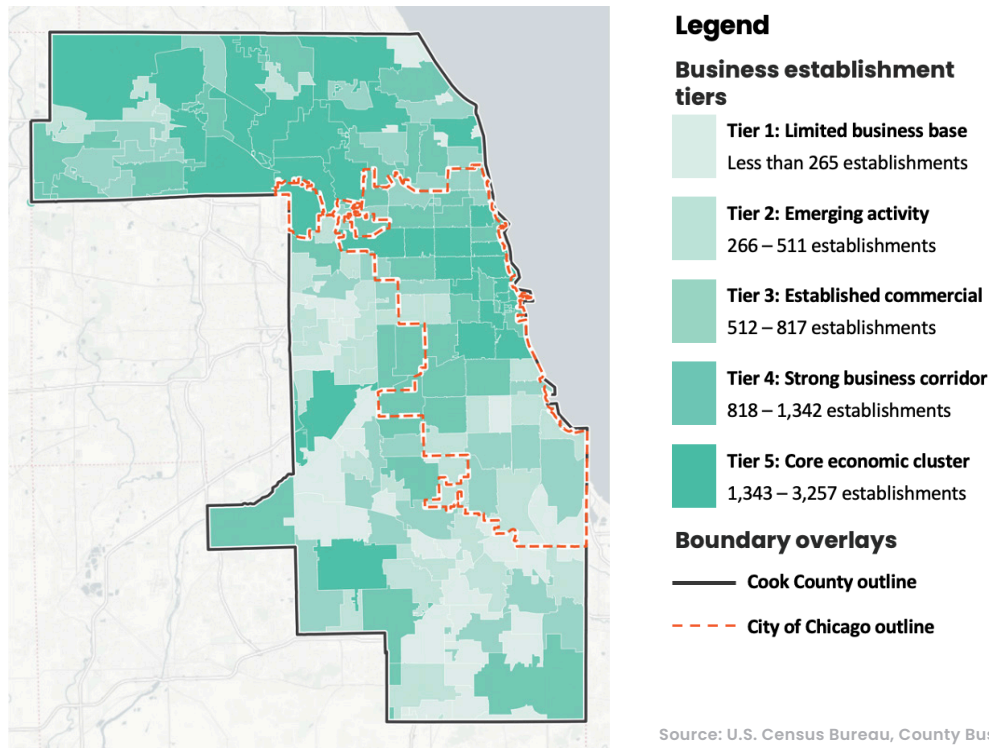


Figure 4 shows where establishments are concentrated across Chicagoland and highlights the geographic differences that shape access to customers, networks, and support infrastructure. Business density is strongest in the Northwest suburbs and downtown Chicago. The Northwest suburbs are home to major corporate headquarters, logistics and manufacturing hubs, office parks, and proximity to O'Hare International Airport, creating a dense ecosystem of supplier and transportation businesses. Downtown Chicago anchors the region's financial, legal, and professional services economy. The South and West sides are home to important neighborhood commercial corridors, long-standing local businesses, industrial areas, cultural assets, and community-serving enterprises, but many of these corridors operate with thinner business density and fewer nearby support institutions.

The research team grouped ZIP codes into five tiers based on relative business concentration. Tier 4 and Tier 5 ZIP codes appear in several parts of the region, with notable concentrations in downtown Chicago, the Northwest suburbs, and selected suburban and corridor areas. Tier 1 and Tier 2 ZIP codes also appear across both Chicago and suburban Cook County, showing that lower business density is not confined to one geography. The pattern points to the need for place-sensitive strategies that strengthen active business corridors while also improving visibility, connections, and support access in lower-density areas.

CDFI Investment Areas, which are home to 49 percent of the region's population and 80 percent of residents who identify as Black, Latine, Asian, Indigenous, multiracial, or another race of ethnicity other than non-Hispanic White, have significantly lower business density.¹⁸ These communities have commercial corridors with anchor businesses, but they typically support fewer businesses per capita, have thinner commercial infrastructure, and often contend with visible vacancies that weaken corridor vitality. These conditions reflect ongoing challenges related to access to capital, commercial real estate, customer density, and institutional networks.

¹⁸ U.S. Census Bureau, American Community Survey (2024); County Business Patterns (2023). CDFI Investment Area definition based on census tracts meeting one or more of: poverty rate $\geq 20\%$, unemployment rate $\geq 1.5\times$ national average, or median family income $\leq 80\%$ of regional median. Population and BIPOC resident share figures reported at the Cook County level.

Suburban Cook County presents a distinct and often less visible challenge. It represents half of the study-area population and a substantial share of employer businesses, yet several stakeholders noted that regional small business strategies and BSO coverage remain more centered on the city of Chicago. Suburban businesses can also be harder to organize through dense commercial corridors, less likely to be near anchor nonprofit or public agencies, and less visible in programs designed around Chicago neighborhood geographies.

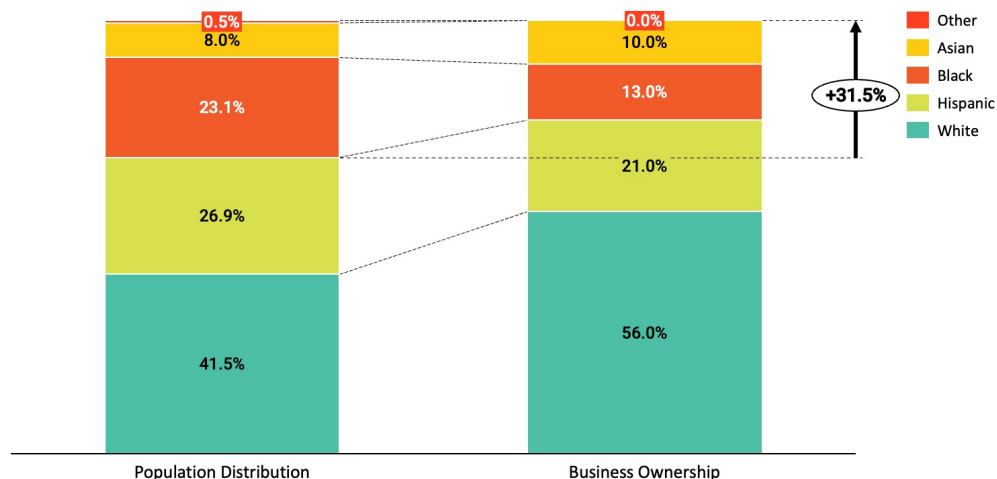
Geography also shapes how businesses experience the support ecosystem. A business located in a Tier 1 or Tier 2 corridor may have fewer nearby BSOs, fewer peer networks, and less proximity to the informal professional relationships that often determine who learns about capital products, grants, or programming. The navigation problem is not only about complexity. It is also about whether services and capital are visible, accessible, and connected to businesses in lower-density or less-served areas.



Louise Williams, Beautiful Beginnings Daycare and Tulio Juarez, Greater Southwest Development Corporation; photo courtesy of Cook County Small Business Source.

Owner Demographics: A Diverse Population, an Unequal Ecosystem

Figure 5: Chicagoland Ownership Demographics: Gender and Race/Ethnicity



Note: * Demographic data is Chicago MSA

Source: U.S. Census Bureau, American Community Survey (2024); Annual Business Survey (2023)

Figure 5 compares ownership demographics with regional population demographics, underscoring that employer business ownership does not yet reflect the full diversity of Chicagoland. White residents represent a disproportionately large share of employer business ownership relative to their share of the region's population. Men are also overrepresented among employer business owners relative to their share of the adult population.¹⁹

Hispanic-owned businesses grew faster than other ownership groups between 2018 and 2023 and more closely reflecting the Hispanic share of the region's population.²⁰ Black-owned businesses, by contrast, represent a smaller share of employer business ownership than their share of the region's population. Asian-owned businesses represent another important part of the region's ownership base, though patterns differ by subgroup, sector, and geography in ways that aggregate data may not fully capture. Overall, these ownership gaps reflect long-standing differences in access to capital, networks, commercial real estate, and growth opportunities.

Survey respondents were more diverse than the employer business base overall, with 69 percent identifying as minority-owned and 68 percent as women-owned.²¹ The survey sample reflects the diversity of businesses that are actively engaging with ecosystem organizations and support networks. Yet as the ownership and revenue data show, that engagement has not translated into scaled ownership outcomes at the level the region needs.

“ For a Black male promoter trying to do events, it feels like every door you open there’s another wall behind it. The capital isn’t there, the corridors aren’t there, the networks aren’t there. You’re building from scratch every time.

– Chicagoland small business owner, events and entertainment sector



Sim's Cleaners; photo courtesy of The Chicago Community Trust.

19 U.S. Census Bureau, Annual Business Survey (2023). Business ownership by race/ethnicity and gender reported at the Chicago MSA level. Population shares from American Community Survey (2024).

20 U.S. Census Bureau, Annual Business Survey (2023). Hispanic-owned business growth rate calculated over the 2018–2023 period at the Chicago MSA level.

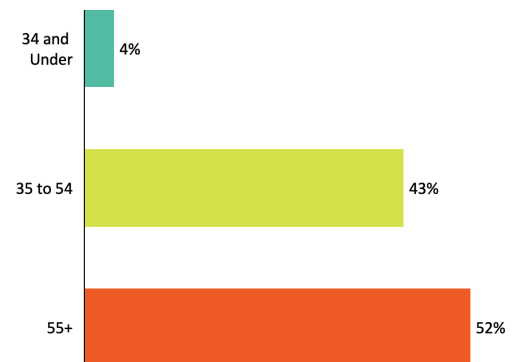
21 Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193 after systematic fraud detection and cleaning. Survey distributed through Steering Committee and BSO networks. Sample overrepresents minority-owned and women-owned businesses relative to the employer business base broadly.

Business Stage: A Growing but Aging Entrepreneurial Population



Jim Williams, Certified Property Solutions; courtesy of Cook County Small Business Source.

Figure 6: Chicagoland Employer Business Owner Age (%)



Source: U.S. Census Bureau Population Estimates (2022);
U.S. Census Annual Business Survey (2023)

Figure 6 shows the age distribution of Chicagoland employer business owners, reinforcing why ownership transition is a near-term business continuity issue rather than a distant concern. Fifty-two percent of Chicagoland employer business owners are 55 or older, and fewer than 5 percent are under 34.²² Nationally, 58 percent of business owners report having no succession plan in place²³ and well-managed ownership transitions could preserve up to 12 million jobs and \$250 billion in annual local spending power.²⁴ In Chicagoland, where many established legacy businesses are located in historically disinvested commercial corridors on the South and West sides, the succession gap is not simply a business planning issue. It is a business continuity and wealth preservation challenge.

When a business closes without an ownership transition plan, the losses compound. Owners may lose the equity they have built over decades, particularly when outside investors acquire a business during succession and shift ownership and future wealth away from the owner's family or community. Employees may lose jobs. Commercial corridors may lose anchors, trusted institutions, and local economic activity. In many cases, vacant storefronts can weaken corridor vitality for years.²⁵ Each unplanned closure can mean the loss of locally held business value, jobs, commercial activity, and community identity.

“Our corridor has businesses that have been here for thirty years. When the owner retires and there’s no one to take over, that storefront goes dark. We’re losing history, we’re losing jobs, we’re losing tax base—all at once.

– Chicagoland BSO director, South Side

Survey findings reinforce the urgency. Among survey respondents, succession planning concerns increase markedly with owner age, from 19 percent of owners under 34 to 71 percent of owners 65 and older. Yet the presence of a formal succession plan does not keep pace with those concerns. Among owners 55 to 64, only 39 percent report having a formal plan. Among owners 65 and older, only 29 percent do.²⁶ The gap between concern and preparation is widest precisely where the time horizon is shortest.

22 U.S. Census Bureau, Annual Business Survey (2023). Owner age distribution reported at the Chicago MSA level for employer firms.

23 Project Equity, Business Succession Planning Data (2024). National figure applied to Chicagoland employer business base.

24 McKinsey Institute for Economic Mobility, The Great Ownership Transfer: A new era of business stewardship (February 2026).

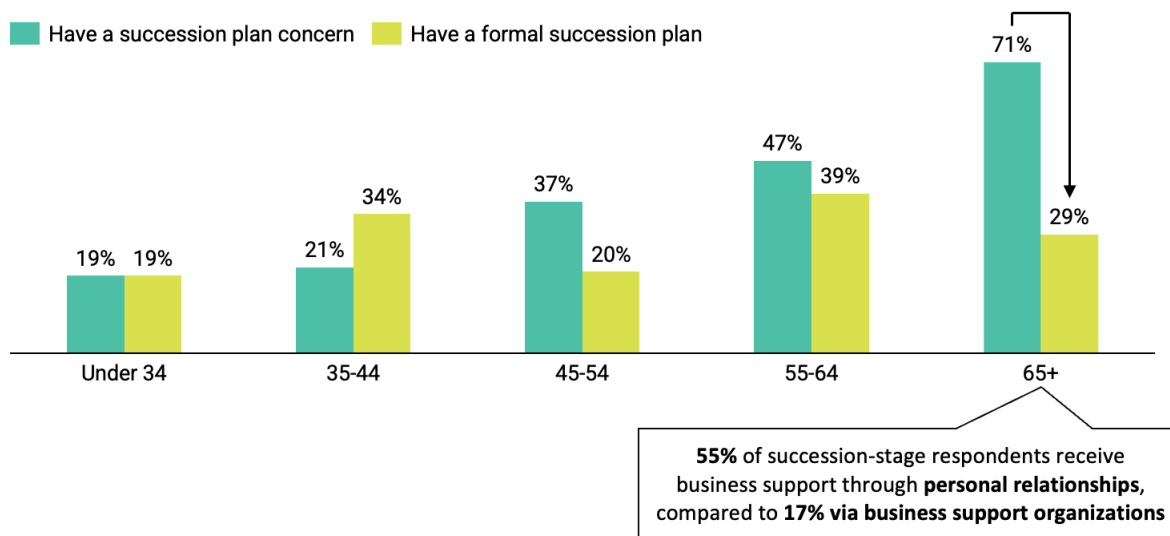
25 Brookings Institution, “Helping Community Leaders Buy Back the Block” (September 2024); Brookings Institution, “The Devaluation of Assets in Black Neighborhoods: The Case of Commercial Property” (February 2024).

26 Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Succession planning concern and formal plan rates by owner age derived from survey response data.



Business owner in Hermosa; photo courtesy of The Chicago Community Trust.

Figure 7: Succession Planning: Concern vs. Formal Plan by Owner Age



Note: Succession stage includes mature business that may be preparing for ownership, leadership, or long-term exit transition and/or business owner over the age of 65

Source: Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); n = 193

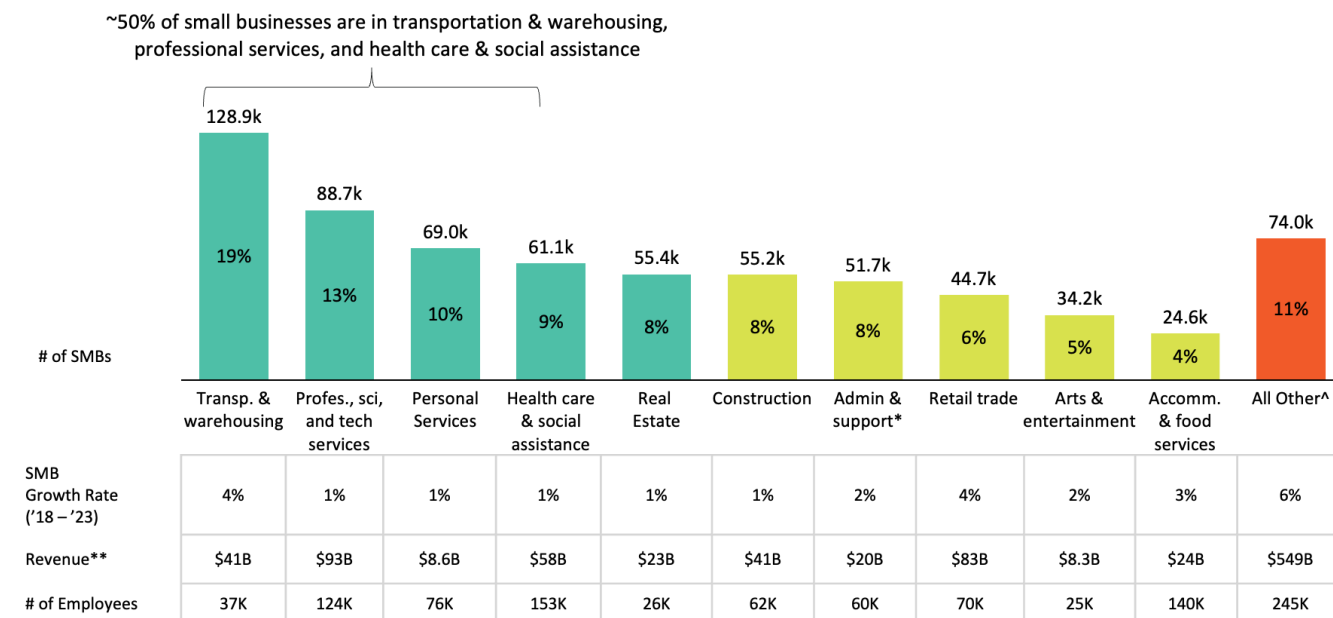
Figure 7 shows the gap between succession concern and formal planning by owner age. The gap is especially important for owners approaching retirement, where concern is high but formal planning remains limited. Succession-stage businesses are also among the least connected to formal business support. Fifty-six percent of succession-stage survey respondents report accessing business support primarily through personal relationships, compared to only 15 percent who primarily use business support organizations.²⁷ This means the businesses that most urgently need transition planning, valuation support, and buyer connections are the ones least likely to be engaged with organizations capable of providing that help.

The ownership transition gap creates both risk and opportunity. Left unaddressed, this gap could lead to avoidable closures, community wealth erosion, and corridor destabilization, particularly in neighborhoods that can least afford it. Addressed deliberately, ownership transition can create pathways for employees, family members, local entrepreneurs, and buyers from communities with lower rates of business ownership to take over viable businesses, preserve jobs, and build generational wealth.

²⁷ Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Succession planning concern and formal plan rates by owner age derived from survey response data.

Industry Mix: Concentration, Strength, and Underdeveloped Potential

Figure 8: Chicagoland Small Business Industries



Note: Small business defined here as employer businesses with fewer than 500 employees and nonemployer businesses;

* Administrative and support and waste management and remediation services

^ Other includes Agriculture, Management of companies/enterprises, Mining, and Utilities*

**Revenue data for all establishments

Source: U.S. Census Bureau, Annual Business Survey (2018 – 2023); U.S. Census Bureau, Quarterly Workforce Indicator Explorer (2023)

Figure 8 shows the sectors where Chicagoland small businesses are concentrated and where sector-specific support may be especially important. Half of all Chicagoland small businesses are concentrated in three sectors: Transportation and Warehousing (19 percent of establishments), Professional, Scientific, and Technical Services (13 percent), and Health Care and Social Assistance (9 percent).²⁸ These concentrations reflect genuine sectoral strengths. Chicago's logistics infrastructure, position as a Midwest freight hub, and proximity to O'Hare and major rail terminals make Transportation and Warehousing a natural anchor. Professional services reflect the city's large knowledge economy, and health care reflects both the region's demographic needs and the significant employment this sector provides.

Transportation and Warehousing and Retail Trade saw the highest growth rates between 2018 and 2023, each at approximately 4 percent per annum. By contrast, Wholesale Trade, one of the largest revenue drivers among small business sectors, grew more slowly. Healthcare and Social Assistance is the largest employer in the small business base, reflecting the labor intensity of care-sector work. These patterns have important implications for capital product design. A transportation and warehousing business with predictable contract revenue looks very different from a retail business with seasonal cash flow or a childcare provider operating on thin margins with regulatory overhead.

The sectors that remain underdeveloped relative to their potential for community wealth-building are also worth attention. Manufacturing, construction, and food-related businesses, including restaurants, caterers, and food producers, anchor employment in historically disinvested communities, provide pathways into business ownership for immigrants and first-generation entrepreneurs, and often support commercial corridors. Yet these sectors can face high capital intensity, complex regulatory environments, and thin specialized support infrastructure.

28 U.S. Census Bureau, Annual Business Survey (2023); Quarterly Workforce Indicator Explorer (2023). Industry concentration data for Cook County. Sector percentages reflect share of total small business establishments. Growth rates and revenue figures reflect the 2018–2023 period.

As Figure 8 shows, manufacturing, construction, and food-related businesses represent a meaningful share of Chicagoland’s small business base, but the ecosystem does not appear to have a comparable level of sector-specific programming, dedicated capital products, or specialized support infrastructure for these businesses. A manufacturing business navigating equipment financing, supply chain contracts, and workforce recruitment needs different support than a professional services firm with lower capital intensity and more flexible space needs.

“ We can easily build more, but to scale, we need access to capital. We’ve been doing so much good work – families come to us to say thank you. I can hire more people, but I need funding to make sure the work is there for them. – Chicagoland small business owner, community development and construction



Mohammad Salehi, Heray Spice; photo courtesy of Cook County Small Business Source.

What Small Businesses Say: Survey Findings on Conditions and Needs

Figure 9: Survey Executive Summary: Business Conditions and Key Themes

1	Revenue growth pressure	Revenue growth and customer acquisition are the top challenges and priorities
2	Unmet capital demand	Capital demand is significant, but many businesses self-select out due to perceived barriers, risk aversion, or preference for personal funds
3	Relationship-driven support	Survey respondents rely heavily on trusted relationships, while awareness and navigation barriers limit broader ecosystem use
4	Limited succession planning	Concern rises with owner age, but formal plans and transition support remain limited
5	Different needs by growth stage	Survey respondents are broadly optimistic, but priorities vary by growth stage, reinforcing the need for tailored ecosystem support

Source: Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193

For this study, we conducted a small business survey fielded in March, April, and June 2026 that reached 193 small business owners across Chicagoland.²⁹ Figure 9 summarizes the survey’s major findings on business conditions, growth priorities, capital needs, support access, and succession planning. Respondents skewed toward established businesses: most reported being at or near profitability, and the majority had been operating for more than five years. Top sectors represented included Professional Services, Food, Construction, and Manufacturing. Seventy percent of respondents were based in the city of Chicago; 30 percent in suburban Cook County.

29 Chicagoland Reassessment SMB Survey 3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193.

The survey findings reinforce the landscape analysis: many businesses are established, resilient, and optimistic, but still face constraints that limit their ability to grow. Five themes emerged consistently across survey responses and were validated by focus groups and interviews.



Revenue growth and customer acquisition remain the top challenges.

Respondents cited revenue growth and customer acquisition as their highest priorities and most significant obstacles. This finding cuts across growth stages and industries, suggesting that even businesses that are operationally stable often struggle to generate the consistent revenue growth needed to hire, invest, and scale.



Capital demand is significant, but many businesses self-select out.

Sixty-four percent of respondents reported that they needed capital in the past 12 months. Yet only 58 percent of those who needed capital applied. Among those who did not apply, the top reasons were avoiding debt, preferring to use personal funds, and being unsure where to apply.³⁰ The gap between need and application reflects not only risk aversion but also a navigation and awareness problem that responsible lenders could address.



Trusted relationships drive support access more than formal channels.

Nearly half of all respondents (47 percent) primarily access business support through trusted personal relationships. Only 19 percent primarily rely on BSOs.³¹ This pattern suggests that the ecosystem's formal infrastructure, however strong, is not the primary entry point for most business owners. Building trust and warm referrals matters as much as building programs.



Succession concerns are growing, but formal planning is limited.

Concern about succession increases with owner age, but formal plans lag behind. This gap is particularly acute among owners 55 to 64, where the window for effective transition planning is closing but most have not yet engaged with formal support.



Needs vary meaningfully by growth stage, reinforcing the case for tailored support.

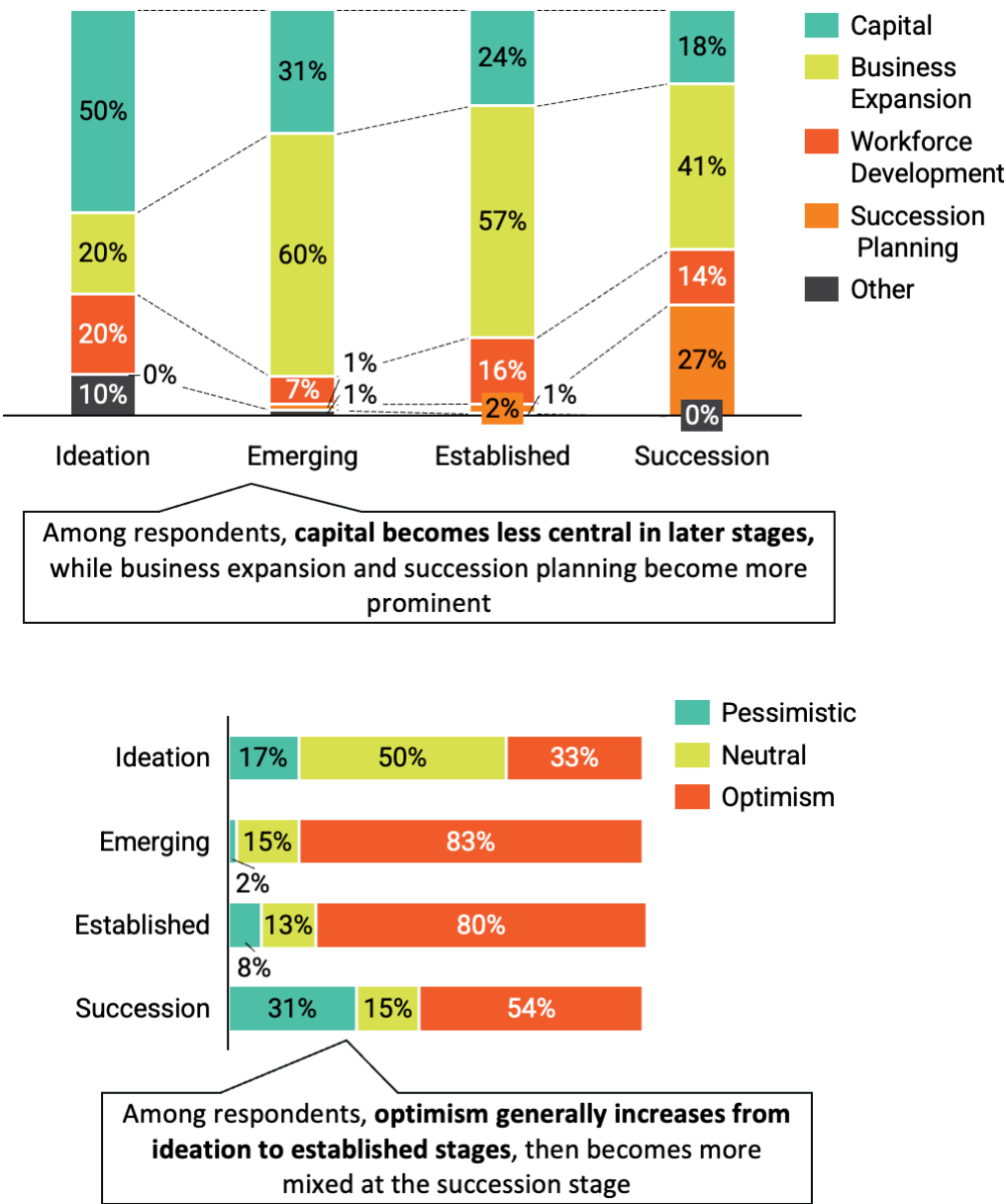
Lower-growth businesses, including nominal and marginal growth-stage businesses, are significantly more likely to cite capital access as their top support need. Higher-growth businesses are more likely to report full business support access and to cite operations and marketing as their primary needs.³² This divergence confirms that a one-size-fits-all support model can miss businesses trying to move from stability to growth.

30 Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Capital need and application rate data derived from survey response data.

31 Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Primary business support access channel data derived from survey response data.

32 Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Primary business support access channel data derived from survey response data.

Figure 10: Future Outlook and Wealth-Building Needs by Business Stage



Source: Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193

Figure 10 shows that future needs vary by business stage, reinforcing the case for support that is tailored rather than one-size-fits-all. Looking ahead, survey respondents remain broadly optimistic about the next three to five years, though optimism levels vary by stage. Established businesses are the most confident. Succession-stage businesses show the most uncertainty, with a meaningful share unsure about future direction. Among the long-term needs cited most frequently—capital, business expansion, workforce development, and succession planning—the pattern tracks closely with stage: early-stage businesses prioritize capital, established businesses prioritize expansion and operations, and succession-stage businesses increasingly prioritize transition planning.

This stage-differentiated picture is exactly the lens through which ecosystem investments should be designed.

Section Takeaways

Chicagoland is home to 687,000 small businesses, but growth since 2018 has been driven largely by nonemployer firms. Employer business growth has remained nearly flat.

The region is generating entrepreneurial activity, but too few businesses are moving into the revenue and employment levels associated with durable wealth creation.

Business ownership does not yet reflect the full diversity of the region. Hispanic-owned businesses have grown meaningfully since 2018, while Black-owned businesses remain underrepresented relative to the Black population. Asian-owned businesses are also an important part of the ownership base, though aggregate data may obscure differences by subgroup, sector, and geography.

Geography continues to shape access. Business density is strongest in downtown Chicago and the Northwest suburbs, while many South, West, and suburban Cook County communities have thinner visible business infrastructure and fewer nearby support institutions.

Succession is an urgent business continuity issue. Fifty-two percent of employer business owners are 55 or older, but formal succession planning remains limited, especially among owners approaching retirement age.

Survey findings reinforce the need for tailored support: businesses cite revenue growth, customer acquisition, capital access, succession planning, and trusted relationships as central to their ability to grow.

The small business landscape points to a clear investment need: help more businesses move from formation and stability into growth, ownership transition, and long-term wealth-building.

Business Support Ecosystem

Chicagoland has a large and active small business support ecosystem. Since the 2018 assessment, the region has added new programs, strengthened shared platforms, expanded specialized initiatives, and deepened collaboration across public, nonprofit, philanthropic, and community-based partners. Business owners consistently pointed to organizations, advisors, chambers, and peer networks that helped them access grants, understand certifications, navigate referrals, improve operations, and build confidence.

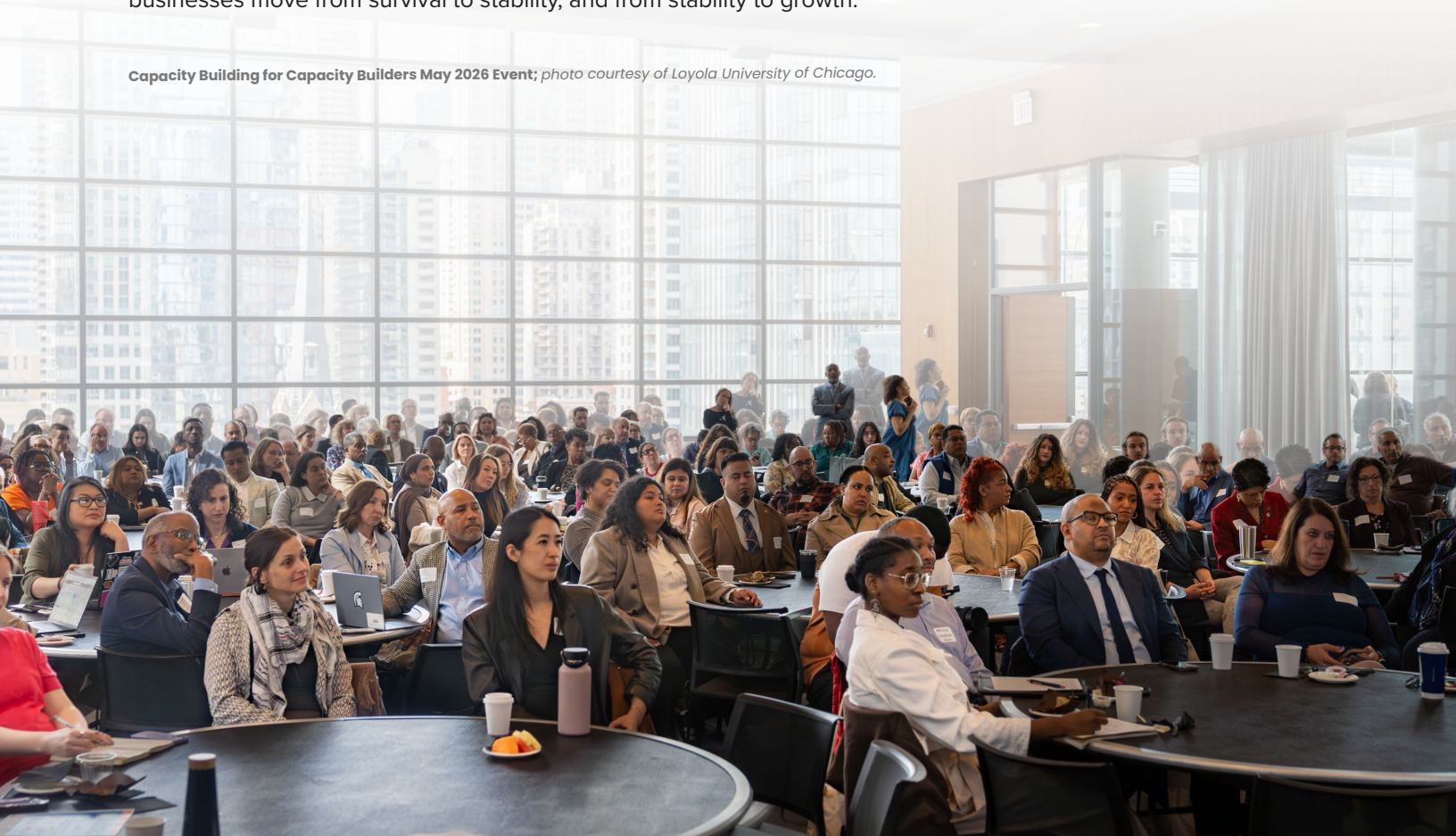
While support exists, it is not always easy to find, easy to navigate, or aligned to a business's stage of growth. Many owners described a landscape where they had to piece together help across multiple organizations, repeat their story, and determine on their own which resources were relevant. For some businesses, especially those trying to scale, the issue was not that no support existed. It was that the right support was hard to identify, hard to access at the right time, or not deep enough to meet the complexity of their next growth challenge.

“ There are a lot of great resources to get started, but not enough that can help me get where I need to be – to get to my first \$1 million.

– Small Business Owner, Professional Services

This matters because business support is not just a complement to a one-time need or capital access. It is part of the infrastructure that helps business owners become ready for capital, use capital well, access new customers, build systems, hire talent, and make decisions about growth or transition. A stronger BSO ecosystem can help more businesses move from survival to stability, and from stability to growth.

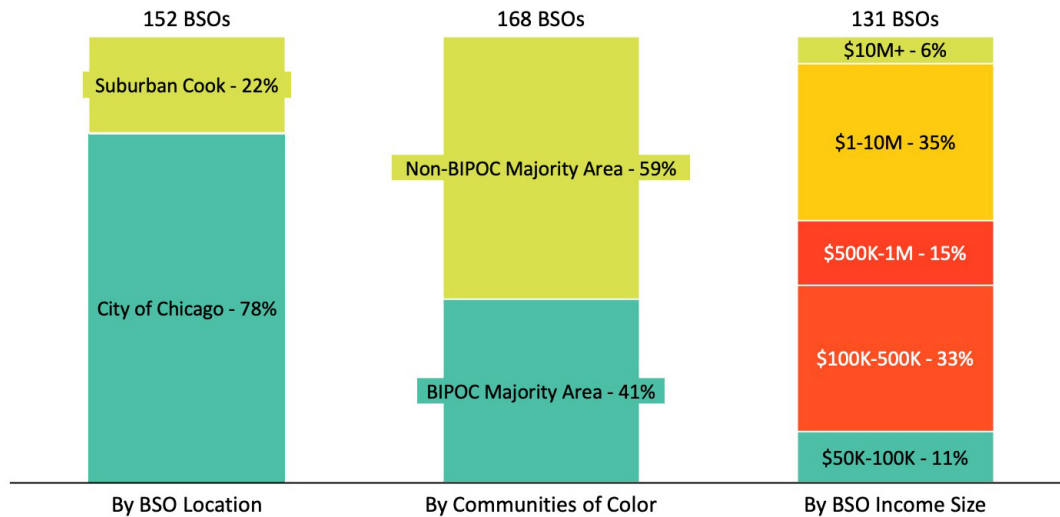
Capacity Building for Capacity Builders May 2026 Event; photo courtesy of Loyola University of Chicago.



A Large Ecosystem with Uneven Visibility and Reach

To understand the current business support landscape, the research team analyzed a sample of core business support organizations operating across Chicagoland. The analysis focused on where BSOs are located, which communities they are physically closest to, and what annual income suggests about organizational capacity. The purpose was not to evaluate individual organizations, but to understand the system-level distribution of support infrastructure.

Figure 11: Chicagoland BSO Sample Overview



Note: * Non-exhaustive: This sample is based on organizations identified through 501(c)(3) and 501(c)(6) records and may not include for-profit providers, public-sector programs, informal networks, or organizations with other tax statuses.

Source: National Center for Charitable Statistics (NCCS); IRS business master data; U.S. Census American Community Survey

“

We joined Berwyn Development Corporation because they walked into [our] business [versus us having to find them].

– Small Business Owner, Construction

Figure 11 provides a snapshot of the BSO sample analyzed for this report and shows the breadth of organizations that make up Chicagoland’s business support landscape. These organizations include neighborhood chambers, regional BSOs, community-based organizations, community development corporations, small business development centers, accelerators, industry-specific organizations, and organizations that serve specific demographic groups.

Many are based in Chicago and serve businesses across multiple neighborhoods and municipalities. Others are rooted in suburban Cook County and play important roles as local access points. Because BSO address data does not fully capture service areas, digital delivery, referrals, or countywide reach, physical location should be read as a proxy for access, not a complete measure of who is served.

Still, location matters. For many small business owners, especially those with limited time, limited staff, or lower trust in formal institutions, proximity can shape whether support feels accessible. In-person relationships, corridor outreach, and trusted local referrals remain important.



ChiBizChat event June 2026; photo courtesy of City of Chicago.

A business owner may not search for “technical assistance” or know which organization is best positioned to help. They may respond to a chamber staff member, a banker, a trusted advisor, or another business owner who makes a direct introduction. The ecosystem’s reach depends not only on how many organizations exist, but also on whether businesses know who to call and whether that first point of contact can connect them to the right next step.

Four Types of Organizations Shape the Support Landscape

The BSO ecosystem is not a uniform system. It includes organizations with different roles, capacities, and delivery models. Figure 12 organizes the BSO ecosystem into four broad archetypes, each with a different role in helping businesses access support, referrals, capital readiness, and growth opportunities. There is naturally overlap between these archetypes, as many organizations provide multiple types of support to different business types. This framework is intended to offer a high-level inventory of business support organizations in Chicagoland.

Figure 12: Four BSO Archetypes

BSO Archetype	Businesses Served	Example Business Service Organizations
 Local / Neighborhood-based BSOs	Primarily early-stage and small, neighborhood-based SMBs	• Berwyn Development Corporation • Greater Chatham Initiative • Foundation of Little Village • Rogers Park Business Alliance
 Regional BSOs	SMBs across all stages, with strong support for startups and early-growth companies across industries	• Allies for Community Business • Chicago Urban League • Illinois Hispanic Chamber of Commerce • Women’s Business Development Center
 Industry or Demographic Focus	Businesses within targeted industries or priority populations, often including underserved entrepreneurs	• Builders Avenue • Illinois Restaurant Association • Chinese Mutual Aid Association • 2112
 Accelerators	Primarily growth-stage or scaling businesses through dedicated technical assistance, workshops, cohorts, and capital	• mHUB • TechStars Chicago • Polsky Center for Entrepreneurship and Innovation • MATTER

Local/neighborhood-based BSOs often serve as the front door for small businesses within a neighborhood, corridor, or municipality. They provide visibility, networking, local referrals, events, and business support primarily to early-stage and small, neighborhood-based SMBs. Their value often comes from proximity and trust.

Regional BSOs provide broader services across the region, including business planning, financial management, marketing, operations support, certification assistance, and access-to-capital advising. These organizations often have greater staff capacity and stronger institutional relationships.

Industry or demographic-focused organizations provide more tailored support based on sector, identity, or community. These organizations can help address barriers that generalized programs may miss, especially when trust, cultural competence, sector expertise, or specialized networks are critical.

Accelerators tend to provide structured, intensive, cohort-based programming for businesses preparing to grow, scale, access customers, or enter specialized sectors. They often offer structured education, mentorship, peer learning, industry expertise, and connections to talent or capital. Unlike incubators, which primarily support entrepreneurs in refining early-stage ideas and developing a viable business model or product, accelerators focus on supporting established businesses scale.³³

Together, these organizations give Chicagoland a broad support base. The question is whether they function as a connected system from the business owner's perspective.

The Ecosystem is Strongest at Entry Points and General Support

Business owners consistently described finding value in the region's existing support ecosystem. Across interviews and focus groups, owners cited support with grants, financing referrals, business planning, HR, certifications, tax preparation, legal referrals, marketing, customer connections, and general problem-solving at key moments in their business journey.

“ *Their cohort program is massive – it changed how I thought about my business.*
– Focus group participant, on RBPA

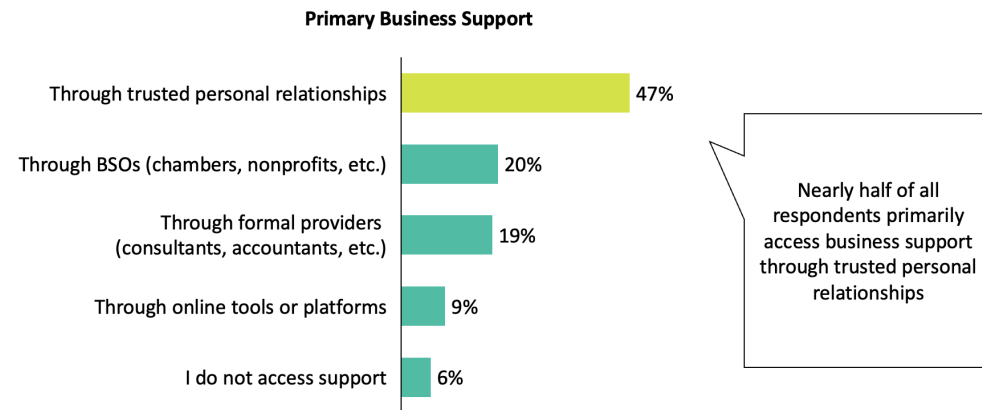
“ *They changed the trajectory of my business. Helpful with bid writing – taught me how to write my own bids.*
– Focus group participant

These examples show that Chicagoland has real assets to build on. The ecosystem has organizations that are trusted by business owners, embedded in communities, and capable of moving businesses toward new opportunities. Two public-sector programs anchor this infrastructure at scale. The Cook County Small Business Source, hosted by Cook County's Bureau of Economic Development and developed as a result of the 2018 small business assessment, connects businesses to tailored advisors through a matching model, providing a personalized entry point into the broader ecosystem. The City of Chicago's Neighborhood Business Development Center program delivers specialized business support through a network of regional service hubs across every neighborhood. Together, these programs serve as primary on-ramps into the ecosystem for many Chicagoland small businesses.

Yet the strength of individual organizations does not always translate into a seamless system. Business owners often discover resources through personal networks, chance referrals, or repeated outreach.

³³ Harvard Business School: Startup Incubator vs Accelerator: Which is Right for You?, Catherine Cote (August 17, 2023)

Figure 13: Primary Business Support Access



Note: Select up to two

Source: Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193

Figure 13 shows that business owners most often access support through trusted personal relationships, while fewer rely primarily on formal BSOs. That finding does not mean BSOs are not valuable. It means trust and navigation remain central. Business owners often rely on people first, institutions second. The most effective support models recognize this and use trusted relationships as entry points into a broader system.

ChiBizChat event June 2026; photo courtesy of City of Chicago.



Coverage Gaps Are About More Than Geography

The BSO location analysis shows concentrations of organizations in parts of Chicago, with density in select suburban areas and thinner coverage in other parts of Cook County.

Figure 14: Chicagoland BSO Locations Map

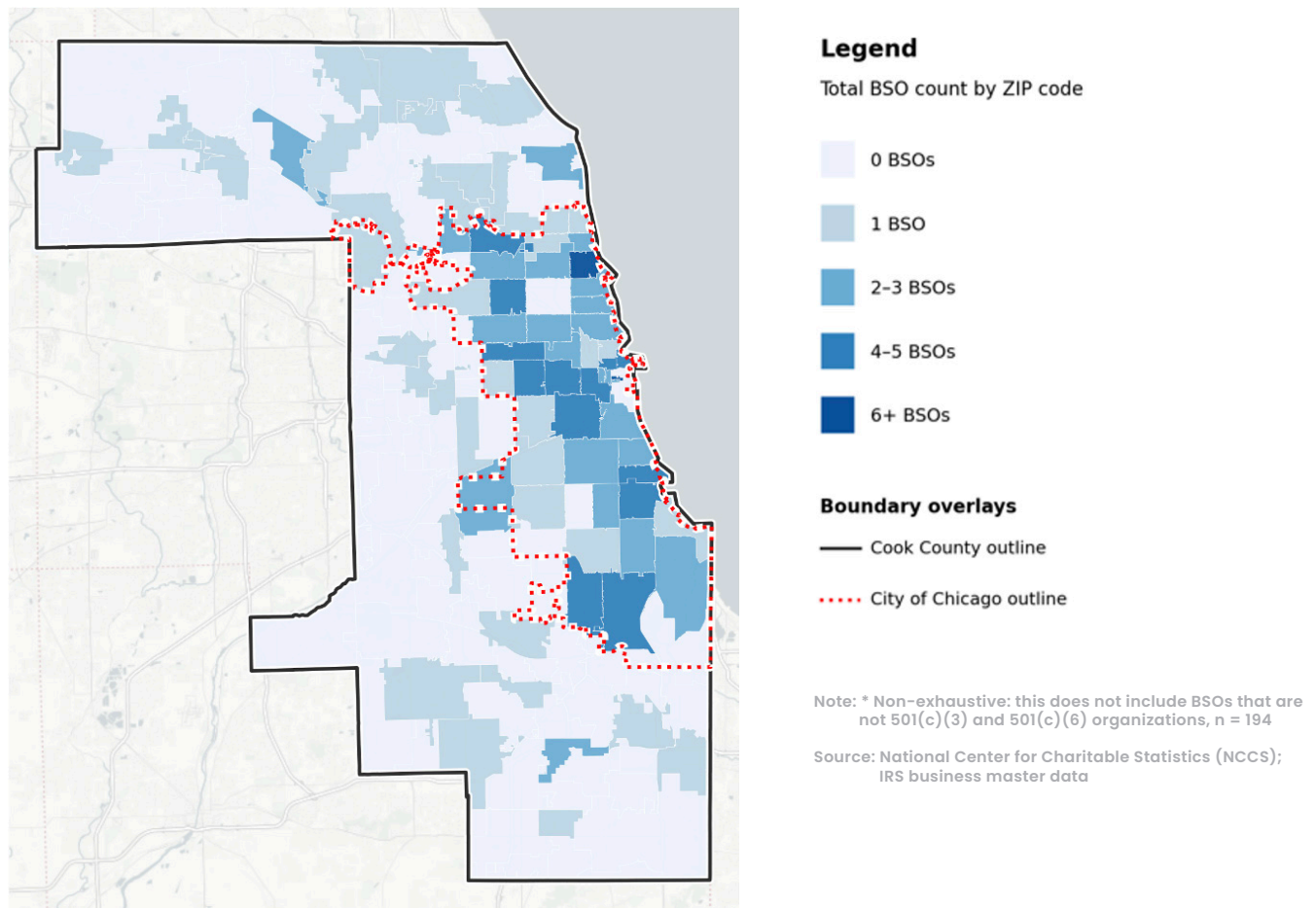


Figure 14 maps BSO locations across the region. Because many organizations serve beyond their physical address, the map should be read as a proxy for visible support infrastructure rather than a complete picture of service coverage. Some organizations serve far beyond their physical address, and many regional organizations provide virtual, hybrid, or countywide support. But the map still raises important questions about whether all businesses have comparable access to nearby, trusted, visible support.

The more critical point is that coverage gaps are not only geographic. They are also about awareness, fit, timing, and usability. A business may technically have access to a program but still not use it because the owner does not know it exists, cannot attend during standard working hours, does not see a clear benefit, or does not believe the provider understands their business.

“It’s hard to see the direct result of working with one of those partners.
– Focus group participant

“When events are planned, [they are] not cognizant of people’s time... need more flexibility or variety of times.”
– Small Business Owner Interviewee, Construction

Financial Capacity Limits What Many BSOs Can Deliver

The BSO analysis also points to capacity constraints across the ecosystem. Many organizations in the sample are small to mid-sized, with a large share reporting annual income in the \$100,000 to \$500,000 range and few exceeding \$10 million. Asset distribution shows a similar pattern, with many organizations holding under \$1 million in assets.

This matters because the ecosystem is being asked to do more than provide one-time advising or generalized programming. Businesses need help with growth planning, financial management, procurement, legal issues, succession, hiring, AI adoption, marketing, customer acquisition, and capital readiness. Funders and public-sector partners also want stronger collaboration, better referrals, shared data, and clearer impact measurement.

Those activities require staff time, infrastructure, technology, and coordination capacity. Many BSOs are already operating close to capacity. Without sustained funding, even effective organizations may struggle to expand reach, deepen specialization, maintain high-quality advising, or participate in shared ecosystem infrastructure.

The region should therefore be cautious about treating “more coordination” as costless. Coordination requires dedicated capacity. Warm referrals, shared intake, data tracking, and cross-organization planning all take time. If the ecosystem wants BSOs to play a stronger role in growth-stage support, navigation, and accountability, those expectations must be matched with funding and operating support.

Rebecca Wilson, Riveting Wellness Cosmetic Solutions and Diane McDonald, Chicago Urban League; photo courtesy of Cook County Small Business Source.



The Main Gap Is Fit for Businesses Trying to Grow

A recurring theme across interviews, focus groups, and survey findings was that support is often strongest at the startup or early-growth stage. Business owners valued classes, workshops, certifications, grants, and basic advising. But as businesses matured, the support needs became more complex.

Owners trying to scale needed help with pricing, systems, delegation, procurement, financing strategy, customer acquisition, contract readiness, succession planning, and leadership development. They often wanted someone who could understand their business model deeply and help translate advice into execution.



Lotika Pai, City of Chicago BACP, ChiBizChat event June 2026; photo courtesy of City of Chicago.

This is a different need than entry-level advising. A scaling business may not need another general workshop. It may need a trusted advisor, a peer cohort, sector-specific expertise, implementation support, and a capital strategy that matches its growth path. In this sense, the ecosystem's challenge is not only access. It is alignment: matching the right support to the right business at the right time.

“ It would be helpful if these orgs had more of an offering for people to help you execute the takeaways from these cohorts.

– Small Business Owner Interviewee, Retail Trade

“ Just want to talk to one person and not tell the story 10 times.

– Small Business Owner Interviewee, Manufacturing

The Evaluation Framework Points to the Next Set of Needs

To guide the analysis, the research team used an ecosystem evaluation framework organized around six dimensions: access and navigation, collaboration and handoffs, specialization and breadth, leadership and talent, sustained funding, and impact and measures.

Figure 15: Business Support Ecosystem Evaluation Framework



Figure 15 summarizes the evaluation framework used to assess the support ecosystem. The framework helped identify where the ecosystem appears strongest and where gaps remain around navigation, specialization, coordination, funding, and measurement.

Across the research, three dimensions emerged as especially important.

Access and navigation. Businesses often do not know where to start or which provider is right for their needs. Trust, personal referrals, and visible entry points that lead to relevant assistance matter.	Collaboration and handoffs. The ecosystem has many strong organizations, but handoffs are still inconsistent. Businesses often experience the system as a set of separate programs rather than a coordinated path.	Specialization and breadth. General support is available, but businesses need more tailored services by stage, sector, and growth trajectory, especially for scaling, succession, procurement, and capital readiness.
Two additional dimensions cut across these themes. First, sustained funding is necessary if BSOs are expected to provide deeper support and participate in shared systems, especially as American Rescue Plan Act (ARPA) funding sunsets and organizations face funding shortfalls. Second, stronger impact measurements will be needed to understand not only how many businesses are served, but whether support helps firms grow, stabilize, access capital, retain jobs, transition ownership, or build long-term wealth.		



Jonathan McGhee, Quinlan School of Business, and Teresa Ging, Sugar Bliss, at the Capacity Building for Capacity Builders May 2026 Event;
photo courtesy of Loyola University of Chicago.

Implications for Priority Needs

Chicagoland already has a deep base of organizations, trusted advisors, corridor-based partners, regional anchors, and specialized programs. The next phase is about making that system easier for businesses to use and better aligned to where businesses are trying to go.

Three needs stand out.

First, businesses need clearer navigation and warmer handoffs.

A directory alone is not enough. Owners want to know which support is right for their situation and who they can trust to help them move forward.

Second, businesses need more tailored growth-stage support.

This includes support for firms that have moved beyond startup but are not yet consistently able to access more customers, larger capital, stronger systems, or a clear growth plan.

Third, BSOs need capacity to collaborate and specialize.

Many organizations are already doing valuable work, but deeper coordination, shared intake, referrals, and outcome tracking will require funding and infrastructure.

These needs directly inform the priority needs and recommendations that follow.

Section Takeaways

Chicagoland has a large and valuable BSO ecosystem, but business owners experience difficulty navigating resources. Public-sector programs such as the Cook County Small Business Source and the City of Chicago's Neighborhood Business Development Center program serve as primary on-ramps into the resources offered for Chicagoland small businesses. However, trusted relationships often matter more than formal channels, and owners need clearer entry points into the right support.

BSOs are spread across Cook County, with concentrations in parts of Chicago and the suburbs. But physical location is only part of accessibility. Awareness, trust, scheduling, relevance, and fit with an owner's stage, sector, and daily operating reality matter just as much.

Many BSOs appear financially constrained, limiting their ability to deepen specialization and coordination. Meeting expectations around warm referrals, shared data, growth-stage support, and ecosystem accountability will require sustained funding and capacity.

Support is often the strongest at the startup or early-growth stage but as businesses mature, support needs are more complex. There is an opportunity to provide scaling businesses with programming that meets their needs: trusted advisors, peer cohorts, sector-specific expertise, implementation support, and a capital strategy.



Capital Ecosystem

Brown Sugar Balloon; photo courtesy of The Chicago Community Trust.

Access to capital is foundational to whether a small business can launch, stabilize, and grow. For too many Chicagoland small businesses, particularly businesses owned by racially and ethnically diverse entrepreneurs, businesses in historically disinvested communities, and businesses seeking flexible growth capital, that access remains difficult.

This report examined the capital ecosystem from both the supply and demand sides, drawing on federal lending data, a capital demand model, the Federal Reserve's Small Business Credit Survey, internal survey responses, focus groups, and stakeholder interviews with capital providers and ecosystem leaders. Given that debt capital is the primary form of financing sought by Chicagoland small businesses, this section focuses primarily on debt products (e.g., loans, lines of credit, and related instruments) rather than equity or other means of financing. This focus on debt does not mean other forms of capital are absent from the market. A small number of equity and venture funds target Chicagoland's diverse entrepreneurs, most visibly Cleveland Avenue's CAST US fund, a \$70 million Chicago vehicle mandated to invest the majority of its capital in Black-, Latine-, and women-owned companies on the South and West sides of Chicago. But equity of this kind reaches a narrow band of high-growth, revenue-generating companies, not the broad base of Main Street and nonemployer businesses that make up most of the market. At the other end of the spectrum, non-debt products such as invoice factoring and merchant cash advances are heavily marketed and easy to access online but frequently carry effective costs well above conventional credit. For most Chicagoland small businesses, debt remains the realistic and primary financing option, which is why this section concentrates there.

The analysis points to a persistent mismatch between the capital small businesses seek and the capital available through institutional channels. The issue is not only that there are too few dollars in the market. It is also that available capital often does not fit the size, timing, use of funds, repayment capacity, documentation, or risk profile of the businesses seeking it. Availability is only part of the problem. Even when appropriately sized, fairly priced products exist, many owners often do not know they are available, struggle to compare options, or miss opportunities to connect with the right lender at the right time. Owners also need help matching the type of capital to the use of funds. Interviews surfaced a recurring need for education on when a flexible product such as a line of credit or revenue-based financing fits better than a traditional term loan, and for which business purposes each is suited.³⁴

³⁴ Revenue-based financing is a form of capital where a business repays investors as a fixed percentage of ongoing revenue rather than through set installment payments, allowing repayment to rise and fall with the business's sales.

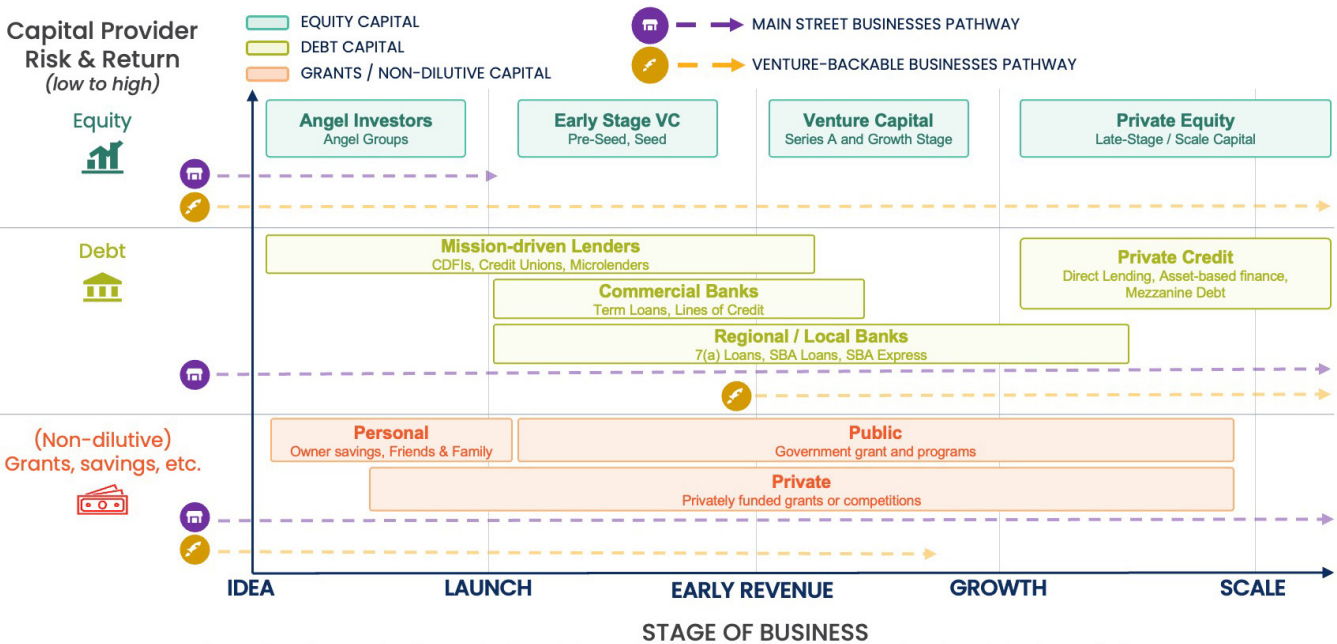
The Chicagoland Capital Landscape

Table 1: Main Street vs. Venture-Backable Businesses

	Main Street Businesses	Venture-Backable Businesses
Growth model	- Steady, locally rooted growth - Growth-tied to customers, contracts, and operating cash flow	- Rapid, scalable growth - Often driven by technology, innovation, or a large market opportunity
Common capital needs	- Working capital - Equipment and buildout - Contract financing - Acquisition and succession	- Product development - Talent and technology - Customer acquisition - Rapid expansion
Primary capital sources	- Owner or personal funds - Grants and operating revenue - Loans and lines of credit	- Owner or personal funds and grants - Angel and venture investment - Growth equity - Debt may supplement equity later
What supports investment	- Revenue and cash flow - Credit and repayment capacity - Operating history	- Strength of the team and innovation - Market opportunity - Potential to scale - May be investable before generating revenue
Ownership considerations	- Owners typically seek to retain control - Capital is generally repaid through business cash flow	- Outside investment reduces the founder's ownership share - Investors generally anticipate a future sale or other liquidity event

Capital reaches Chicagoland small businesses through many channels. How small businesses access capital depends on their business type and growth stage. Table 1 defines two categories to clarify the difference: Main Street businesses, whose growth is rooted in local customers, contracts, or operating cash flow, commonly draw on operating revenue, personal funds, grants, and loans or lines of credit to support operations and growth. Venture-backable businesses, which are driven by technology, innovation, or market opportunity, typically pursue angel or venture investment, growth equity, and sometimes debt to supplement equity. Unlike businesses relying primarily on debt, these companies may be investable before generating revenue if investors see a strong team, market opportunity, innovation, and potential to scale and generate a significant return on investment. This distinction matters because capital access is not one size fits all: what a business is eligible for and what it should pursue depends on its type and growth path.

Figure 16: The 2026 Chicagoland Capital Landscape



	Provider Category	Illustrative Organizations	
Non-dilutive	Public and private grants	• Chicago BACP	• TechRise by P33
	Personal savings	• Cook County	• Corporate grants
Debt	Mission-driven lenders	• Allies for Community Business	• Greenwood Archer Capital
		• Pursuit	
	Traditional commercial lenders	• JPMorganChase	• BMO Harris
		• Fifth Third	
	SBA lenders and programs	• Wintrust	• Pursuit
		• SomerCor	• Byline Bank
	Private credit	• Copia Group	
Equity	Angel and seed investors	• Chicago Early Growth Ventures	• Angeles Investors
		• Josephine Collective	
	Early-stage venture capital	• LongJump	• Capitalize VC
		• Supply Change Capital	
	Venture Capital	• Hyde Park Venture Partners	• Chingona Ventures
		• Chicago Ventures	• Tawani Ventures
		• Energize Capital	• Impact Engine
	Private Equity	• Cleveland Avenue	
		• Valor Equity Partners	• Madison Dearborn Partners
		• Adams Street Partners	• The Vistria Group

Note: Illustrative, non-exhaustive examples of organizations serving Chicagoland businesses. Placement reflects the capital products and business stages with which each organization is most closely associated; many providers operate across multiple stages

Figure 16 maps illustrative capital pathways within the Chicagoland capital landscape by capital type and business stage, showing common, but not prescribed, pathways for Main Street and venture-backable businesses alike. Main Street businesses rely primarily on operating revenue, debt, and grant capital throughout their growth. They may draw on personal funds and friends-and-family support, mission-driven lenders, such as CDFIs, credit unions, and microlenders, and regional and local bank products, including SBA-backed loans, depending on their needs and qualifications. Public and privately funded grants can support businesses across stages, but their one-time and competitive nature makes them an unreliable foundation for sustained business funding and growth. Equity is generally not a primary source of capital for Main Street businesses, although individual businesses may pursue it depending on growth model and goals. Private credit can also fill a financing gap for established smaller businesses that may not qualify for, or be adequately served by, traditional banks, CDFIs, or SBA lending.

Venture-backable businesses follow a different capital path. These businesses may initially draw on personal funds and grants, or non-dilutive funding, before seeking angel, seed, or venture investment to support rapid growth. Rather than seeking equity regularly, venture-backable businesses may raise successive rounds as they reach milestones and demonstrate the potential to scale. Debt, including private credit, may supplement equity once a company has sufficient revenue, assets, or institutional backing. Grants, or other non-dilutive forms of capital may also remain relevant for activities such as research, product development, or commercialization.

Private equity can fit some later-stage businesses, but it's one path among several. When a business lacks a viable family, employee, or local succession pathway, a sale to an external buyer may shift ownership, and potentially future wealth, away from the founder's family or community. Private equity should therefore be understood as one possible pathway, not the default outcome for business growth or transition.

Together, the two pathways show that capital access is stage- and type-dependent rather than universal. A business's growth model, whether rooted in local revenue and cash flow or built for rapid, investor-backed scaling, influences the mix of capital it may pursue.

This mapping is illustrative, not exhaustive. It is meant to give businesses a reference point for identifying the capital that fits their stage and type, and to help providers and funders see where they sit in the landscape so they can meet businesses where they actually are.

The presence of a provider or product within a pathway does not mean that every business can readily access it. While Chicagoland has a wide range of providers and products across these categories, availability on paper does not guarantee access. Owners and founders may lack awareness of appropriate options, struggle to meet eligibility or underwriting requirements, or lack entry to the investor networks where relationships and investment decisions are made.

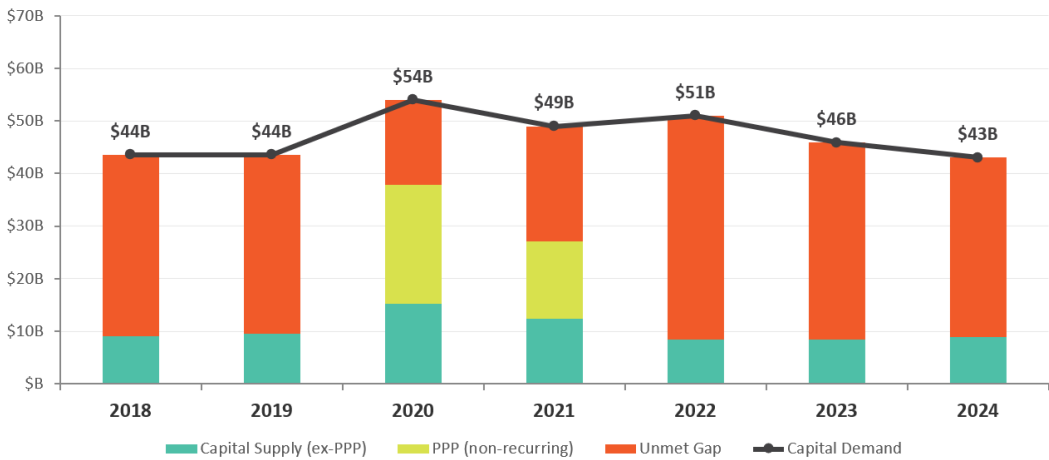
Stakeholders emphasized that these barriers, along with limited and unevenly distributed check-writing capacity, are particularly acute for founders historically excluded from equity investments and in the early-stage of their business.

For funders and institutions investing in capital providers, this landscape offers a way to assess whether current investments sufficiently support both pathways and where additional investment may address gaps. Although the pathways draw on distinct but sometimes overlapping capital options, they require different products, provider capabilities, networks, and strategies for expanding access. Funders should consider whether their investments are concentrated in one pathway and may be unintentionally underserving the other.

Next Street’s 2020 report, *The Equity Capital Gap for Entrepreneurs of Color in Chicago*, found that Black and Latine-owned businesses in Chicago had roughly \$146 million in unmet equity capital demand, with 80% of their equity needs going unmet compared to 46% for white-owned businesses. Since 2020, Chicagoland has expanded its capital pathways to include more equity-like products, such as revenue-based financing, but gaps remain. The remainder of this section examines where capital access gaps are most acute and what they mean for Chicagoland’s small businesses.

Capital Supply and Demand: The Scale of the Gap

Figure 17: Capital Gap for Chicagoland SMBs (2018–2024)



Note: For pre-2023 demand, IL state data used to estimate businesses seeking capital. 2024 business counts projected using historical growth rates

Source: U.S. Census Bureau (County Business Patterns; Nonemployer Statistics), 8-county Chicagoland MSA; Federal Reserve Small Business Credit Survey (SBCS). FFIEC Data Chicago-Naperville-Schaumburg MSA (16984), SBA Lending Data (7a + 504), SBA FOIA.



Kristin Jones (First Women’s Bank), Marcus Yancey (Sunshine Enterprises), Laura Garcia (Greenwood Archer Capital), and Matthew Revere (Pursuit) at the Capacity Building for Capacity Builders May 2026 Event; photo courtesy of Loyola University of Chicago.

Figure 17 shows the scale and persistence of the capital gap, with estimated capital demand remaining far above capital deployed through regulated lending channels. In 2024, an estimated \$43 billion in capital was sought by Chicagoland small businesses, while \$8.9 billion was deployed through regulated lending channels, including commercial bank loans and SBA-backed lending reported through FFIEC and SBA datasets. This leaves an estimated gap of approximately \$34 billion, or 79 percent of total demand unmet.³⁵

This estimate reflects capital sought, not all of which would necessarily qualify as creditworthy demand. Some businesses seeking capital may not have the cash flow, documentation, collateral, or repayment capacity required for responsible underwriting. Even with the caveat, the scale and persistence of the gap point to a structural mismatch between small business capital needs and available financing.

The gap has remained near 80 percent every year since 2018. Debt capital supply has effectively declined in real terms, while estimated capital demand has grown. Nominal supply fell slightly between 2018 and 2024, while capital demand increased, meaning the purchasing power of available small business capital has eroded even as the number of businesses seeking capital has grown.³⁶

Nonemployer firms represent the largest segment of unmet capital demand. Their needs vary widely: some are solo operators seeking modest working capital, while others are businesses with the potential to become employer firms if they can access the right financing, advising, and customer opportunities. The ecosystem should distinguish between these segments rather than treating all nonemployer demand as the same.

The 2020 and 2021 numbers also require interpretation. The apparent narrowing of the capital gap in those years reflects the inclusion of lending through the Paycheck Protection Program (PPP), a temporary federal pandemic-relief program. Even excluding PPP, debt capital deployment was elevated in 2020 and 2021—reaching \$15.2 billion and \$12.4 billion respectively—reflecting additional pandemic-era lending programs including SBA Economic Injury Disaster Loans and increased government-backed lending activity. By 2022, non-PPP debt capital returned to pre-pandemic baseline levels of \$8-9 billion annually, where it remained through 2024. This relief was also unevenly accessible.

PPP loan amounts were based on payroll. Most nonemployer firms, which have no employees and rarely maintain formal payroll records, struggled to qualify, particularly during the program's early rounds.



Angel Emmanuel Diaz Alcantara, Frida Room; photo courtesy of Cook County Small Business Source.

³⁵ U.S. Census Bureau, Statistics of U.S. Businesses and Nonemployer Statistics; Federal Reserve Small Business Credit Survey; FFIEC Data Chicago-Naperville-Schaumburg MSA; SBA 7(a), 504, and FOIA data. Capital demand reflects modeled capital sought, not necessarily credit-worthy demand.

³⁶ U.S. Census Bureau, Statistics of U.S. Businesses and Nonemployer Statistics; Federal Small Business Credit Survey; FFIEC Data; SBA lending data.

Bank Lending Trends: More Loans, Less Money

As shown in Table 2, the number of small business loans in Chicagoland has increased since 2018, but total dollars deployed and average loan sizes have declined. Between 2018 and 2024, the number of small business loans increased by 28 percent, while total capital deployed declined by 14 percent. This pattern likely reflects several changes in bank lending behavior. Credit standards have tightened, non-performing loan ratios have risen, and automated underwriting has made smaller, standardized loan requests easier to process than larger or more complex requests. Average loan size fell from \$34,000 in 2018 to \$23,000 in 2024, a 32 percent decrease.³⁷

Table 2: Chicagoland Bank Small Business Lending Trends (2018–2024)

Metric	2018	2020	2022	2024	Change 2018–2024
Number of Loans	127,000	148,000	164,000	163,000	+28%
Total Capital Deployed	\$4.4B	\$3.4B	\$4.7B	\$3.8B	-14%
Average Loan Size	\$34,000	\$23,000	\$27,000	\$23,000	-32%

Source: FFIEC Community Reinvestment Act Data, Cook County (2018–2024).

This shift matters for growth-stage businesses. A business that needs \$150,000 to purchase equipment, hire staff, or build out a new location is not well served by a \$23,000 loan, or even a \$34,000 loan. The mismatch affects businesses at multiple stages: those trying to stabilize need enough capital to cover meaningful operating gaps, and those trying to grow need enough to make real investments. As average loan sizes have declined, the trend has moved in the opposite direction from what businesses actually need. It may not qualify for a conventional bank product of the size it needs, and it may not know about or be prepared to access CDFIs and alternative lenders that could potentially fill the gap. The result is that businesses either patch together smaller amounts of capital, turn to higher-cost products, rely on personal funds, or defer the growth opportunity entirely.

“When a CDFI offers you a quarter of what you asked for, it feels like a slap in the face. Almost worse than the banks saying no. But then you find out they could only go up to \$50,000 because of their own capital limits. That’s when I understood the problem wasn’t just me.”
– Chicagoland small business owner, nominal growth stage

Focus groups and interviews suggest that automated, transactional underwriting can overlook otherwise viable businesses. One owner with an 800 credit score, \$300,000 in cash, and five years in business was denied by multiple conventional lenders; another, despite 18 percent revenue growth and \$500,000 in annual revenue, spent eight months closing an SBA loan. These experiences point to the need for relationship-based lending and capital navigation that can assess nontraditional business profiles and help owners prepare for underwriting.

37 FFIEC Community Reinvestment Act Data, Cook County (2018–2024).

The Lender Perspective: What Traditional Lenders See

To complement the small business owner survey and the interviews with mission-driven lenders, we gathered input directly from traditional lenders active in Chicagoland. Five lender representatives responded, representing four financial institutions: one community bank (Beverly Bank & Trust) and three national banks (Chase, BMO, and Bank of America). Given the sample size, these results are directional rather than statistically representative. They are best read as a qualitative supply-side complement to the borrower findings, and they point in a consistent direction: lenders describe the same gaps that businesses experience, seen from the other side of the underwriting table.³⁸

Lenders were most likely to identify insufficient cash flow or debt-service capacity as the reason otherwise-viable, growing businesses cannot qualify for conventional credit. Other reasons included: limited years in business, weak or inconsistent credit, high existing debt loads, and incomplete or disorganized financials. These are the same frictions that surface in the borrower research, and several map directly to the trend toward smaller, more standardized loans described above.



Capacity Building for Capacity Builders May 2026 Event; photo courtesy of Loyola University of Chicago.

The lender survey also confirms the missing middle from the supply side. The majority said it is somewhat common for financing requests in the \$50,000 to \$250,000 range to be approved for less than the requested amount or on different terms; two respondents described this as very common. Asked where the biggest mismatch lies between what growing businesses need and what their institution can provide, lenders pointed most often to more flexible cash-flow or revenue-based underwriting, and to flexible working capital and lines of credit. These are precisely the product and underwriting features that mission-driven lenders are structured to offer, which suggests the gap is less about the absence of any lender than about matching businesses to the right one.

The clearest gap the survey surfaced is in what happens after a decline. None of the responding lenders reported a formal process for referring declined or not-yet-ready applicants to a CDFI, business support organization, or technical-assistance provider. The three that refer at all described the process as informal and relationship-based, and none refer more than a small share of applicants. Asked what would make referrals more effective, the most common answer was a better understanding of what CDFIs and support organizations actually offer, a lender-side awareness gap that mirrors the borrower-side one documented earlier in this section. Without a shared referral pathway, a business declined by a bank frequently reaches no next step at all.

³⁸ Chicagoland Traditional Lender Survey, June 2026 (n = 5).

Asked which roles would be most valuable for The Chicago Community Trust, the Fund for Equitable Business Growth, and other small business ecosystem partners to play, lenders ranked funding loan-readiness technical assistance, strengthening CDFI and community-lender capacity, and convening banks, CDFIs, and support organizations around shared referral pathways at the top. These supply-side priorities align closely with the recommendations that emerged from the borrower research, reinforcing the direction of this work.

“ I think the industry should rally behind moving small businesses away from hard money lenders. This does more damage to small business growth than anything

– Chicagoland commercial bank lender



Lucy's Fried Chicken & Smashburgers; photo courtesy of The Chicago Community Trust.

The Missing Middle: Where Capital Falls Short

The most significant structural gap in the capital ecosystem is the “missing middle”: the \$50,000 to \$250,000 range that is too large for many microloan programs and too small, risky, or relationship-intensive for many conventional bank products. Forty-five percent of estimated capital demand from Chicagoland small businesses clusters in this range.³⁹

The gap matters because many growth-stage needs fall squarely within it: equipment purchases, hiring, working capital, buildouts, contract financing, acquisition, and expansion. A business that needs \$100,000 or \$150,000 to act on a growth opportunity is not well served by a \$25,000 microloan or a traditional bank loan for which it may not yet qualify for.

“ Even when dealing with lenders that want to have an impact or serve certain areas, it feels like working with a bank. Bankers tell you to show that you don't need the funds but a \$25,000 loan won't do anything for me.

– Focus Group Participant, Restaurant small business owner

³⁹ Next Street capital demand model calibrated to U.S. Census Bureau and Federal Reserve Small Business Credit Survey data.



Magnolia Screen Printing; photo courtesy of The Chicago Community Trust.

At the same time, the missing middle should not be framed only as a product availability gap. Interviews with capital providers suggest that some responsible lenders in Chicagoland can serve businesses in this range when the business knows where to go and can demonstrate a plausible path to repayment. In that sense, the missing middle is also an awareness, navigation, borrower readiness, and product-fit problem.

For business owners, the distinction matters. The question is not simply whether a \$50,000 to \$250,000 product exists somewhere in the market. It is whether the owner knows about it, understands whether it fits their needs, has the documentation to apply, can show repayment capacity, and reaches the right lender at the right time.

This is where capital navigation and pre-capital technical assistance become essential. Many businesses need help understanding their financing options, organizing financial records, assessing debt capacity, preparing cash flow projections, and identifying whether they are best suited for a loan, line of credit, revenue-based financing, grant, equity-like product, or no additional debt at all.

Financial Strain: Capital Used to Survive, Not Grow

Chicago small businesses report financial strain at rates that exceed both peer cities and national averages. Forty-two percent of Chicago small businesses report operating at a loss, compared to 39 percent in peer cities and 35 percent nationally. Forty-five percent report a poor or fair financial condition.⁴⁰

These figures do not suggest a weak entrepreneurial base. They reflect a challenging operating environment: rising costs, uneven cash flow, tightening credit, and thin margins. For many businesses, capital is being used to stabilize rather than to grow.

The uses of capital tell the most revealing story. Seventy-six percent of Chicago businesses that applied for financing did so to meet operating expenses, compared to 47 percent that sought financing for business expansion.⁴¹ When businesses are using financing to cover payroll, rent, inventory, or cash flow gaps, they have less capacity to invest in hiring, equipment, systems, new customers, or new locations.

⁴⁰ Federal Reserve Bank of New York, Small Business Credit Survey (2025). Peer cities average includes New York, Los Angeles, Philadelphia, and Houston.

⁴¹ Federal Reserve Bank of New York, Small Business Credit Survey (2025). Data reflects Chicago-area respondents. Figures reflect share of applicants by primary stated use of financing.

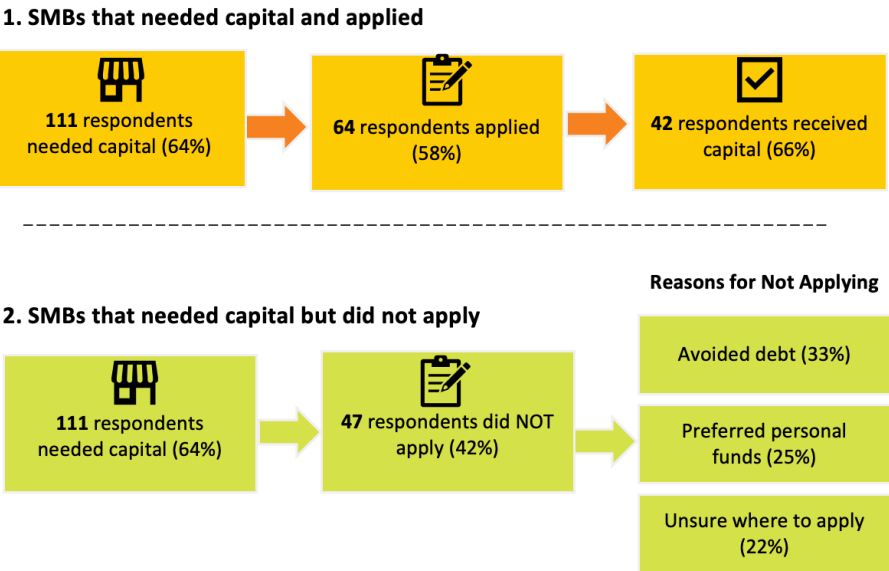
High-cost alternatives compound this challenge. When responsible institutional capital is inaccessible, some businesses turn to merchant cash advances (MCAs), high-interest credit lines, or personal credit cards. These products can provide speed, but they often carry repayment structures and effective costs that weaken cash flow and make future growth harder. This creates a cycle in which businesses seek capital to manage short-term pressure, but the cost of that capital reduces their ability to stabilize or expand.

“It was a nightmare before I was introduced to a nonprofit lender. The conventional system gives you \$10,000 or less and charges you a fortune. By the time you pay it back you haven’t grown at all.”
– Focus Group Participant, Construction small business owner

This dynamic also helps explain why some business owners avoid debt altogether. For owners whose prior experience with financing has been confusing, discouraging, expensive, or misaligned with their cash flow, debt aversion may be a rational response. The ecosystem’s task is not simply to persuade more businesses to borrow. It is to help businesses understand when debt is appropriate, which products are responsible, and how to prepare for capital that supports growth rather than undermines it.

What Businesses Are Using Capital For and What They Need It For

Figure 18: Survey: Capital Access Flow



Source: Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 172.

Uncle Remus; photo courtesy of The Chicago Community Trust.



Federal Reserve data shows that Chicagoland small businesses seek capital at rates consistent with national averages, yet approval rates and full funding remain significantly lower. Figure 18 illustrates the capital access funnel from need to application to receipt, showing that many businesses that need capital do not ultimately receive it through an institutional channel.⁴²

Among the 172 respondents who answered this question on the small business survey, 111 (64 percent) reported needing capital in the past 12 months. Of those, 64 (58 percent) applied, and 42 applicants (66 percent) received capital through an institutional channel. Overall, 42 of the 111 businesses that needed capital, or 38 percent, received it through an institutional channel.

Among businesses that needed capital but did not apply, 33 percent said they wanted to avoid debt, 25 percent preferred to use personal funds, and 22 percent said they were unsure where to apply.⁴³ These responses should not be read only as individual preferences. They also point to a broader trust, navigation, and product-fit challenge. Many owners do not see institutional capital as accessible, relevant, or worth the risk.

Products applied for were primarily lines of credit (26 percent), loans (25 percent), and grants (21 percent). The high share of grant applications reflects both the availability of philanthropic and public relief capital in recent years and a risk aversion toward debt that many owners carry into their capital strategy. Grants are valuable tools, but a capital strategy built primarily on grants is not scalable. As COVID-era relief and ARPA-funded programs wind down, businesses that relied on grant capital will need support building readiness for other responsible forms of financing.

Figure 19: Capital Needs

Capital Need in Past 12 Months – By Respondent Segment

Key: ■ Below Overall ■ Above Overall

Data Cut	%	n	Data Cut	%	n
Overall	64%	172	<i>By Years in Business</i>		
<i>By Revenue</i>			Under 3 years	75%	36
Under \$100K	67%	70	3–10 years	74%	62
\$100K–\$500K	71%	41	More than 10 years	50%	68
\$500K–\$2M	75%	28	<i>By Industry (Top 5)</i>		
Over \$2M	37%	27	Accommodation & Food Services	85%	21
<i>By Employee Size</i>			Health Care & Social Assistance	70%	10
0–5 employees	63%	95	Manufacturing	67%	18
6–10 employees	81%	26	Construction	64%	14
11–25 employees	61%	18	Prof. & Business Services	56%	45
26+ employees	39%	18	<i>By Zip Codes (Top 5)</i>		
<i>By Growth Stage</i>			60640 (Uptown)	67%	18
Nominal (0–5%)	62%	79	60612 (East Garfield Pk)	86%	7
Marginal (6–10%)	73%	51	60608 (Pilsen/Chinatown)	83%	6
Managed (11–20%)	50%	20	60637 (Woodlawn)	50%	6
Aggressive (20%+)	69%	16	60601 (The Loop)	100%	6
			<i>By Owner Demographics</i>		
			Minority-owned	72%	99
			Non-minority-owned	50%	44

Source: Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193

⁴² Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Capital access funnel calculated from survey response data: 111 respondents reported needing capital; 64 applied; 42 received capital through an institutional channel.

⁴³ Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Reasons for not applying among respondents who needed but did not seek capital. Respondents could select multiple reasons; figures reflect share of non-applicants citing each reason.

Figure 19 shows how capital need varies by revenue, employee count, business age, and ownership characteristics, reinforcing the need to segment capital products and readiness support. Higher-revenue respondents, those with more than \$2 million in annual revenue, showed notably lower capital need, suggesting greater access to retained earnings or established credit relationships. Respondents with 6 to 10 employees had the highest capital need, consistent with the significant capital requirements of managing a small team without the financial cushion of larger firms. Newer businesses, defined as those operating for fewer than 10 years, reported higher capital need than older businesses. Diverse-owned businesses also reported needing capital at higher rates than non-diverse-owned businesses.⁴⁴

These patterns point to an important design implication: capital products and readiness support should be segmented by business stage, size, revenue model, and use of funds. A newer business seeking working capital has different needs than an established employer seeking acquisition financing. A contractor managing payment timing on a public-sector contract needs a different product than a retailer managing seasonal inventory. A succession-stage business preparing for sale may need buyer financing, valuation support, or patient acquisition capital.

Capital Sources Vary by Business Stage

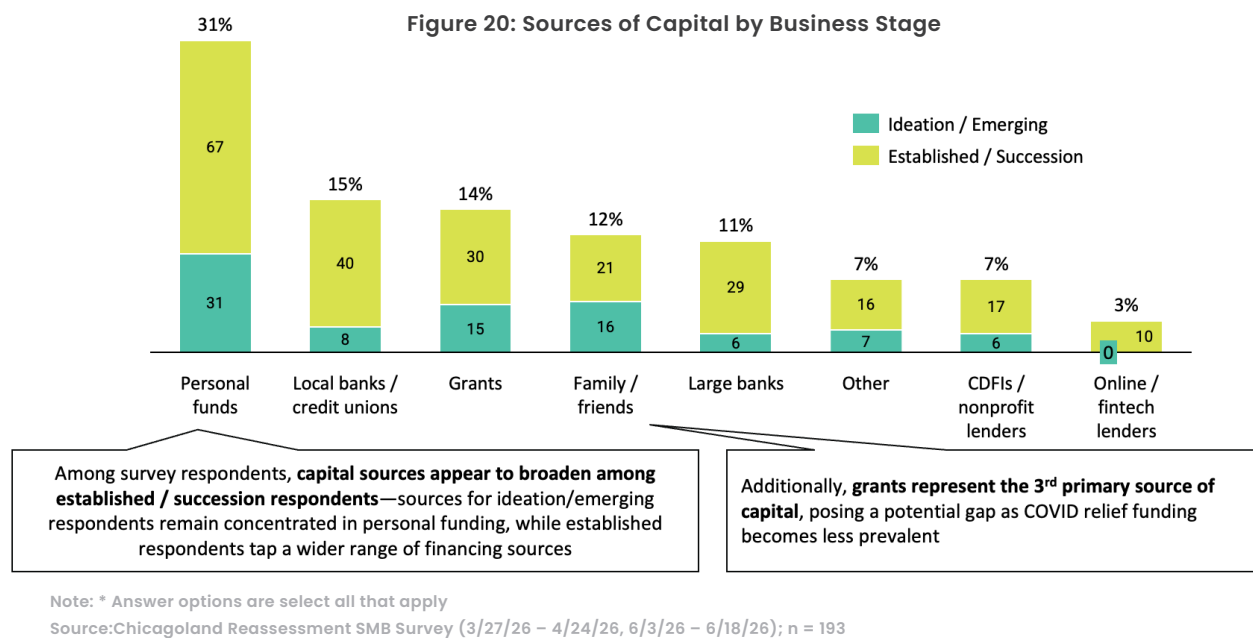


Figure 20 shows that capital sources vary by business stage, with early-stage businesses relying heavily on personal funds and more established businesses drawing from a broader mix of sources. Across all respondents, personal funds are the most common primary capital source (31 percent overall) followed by local banks and credit unions (15 percent) and grants (14 percent). CDFIs and nonprofit lenders represent only 7 percent of primary capital sources.⁴⁵ Ideation and emerging stage businesses rely predominantly on personal funds, while established and succession-stage businesses show a broader distribution across capital sources and are more likely to use institutional sources, like local and large banks.

44 Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Capital need by revenue, employee count, business age, and ownership demographics derived from survey response data. Higher-revenue respondents defined as those reporting over \$2 million in annual revenue. Newer businesses defined as those operating for fewer than 10 years. Minority businesses defined as at least 51% minority-owned.

45 Chicagoland Reassessment SMB Survey (March 27–June 18, 2026). N = 184. Primary capital source data derived from survey response data segmented by BAGS business stage. Early-stage businesses defined as those in the Ideation and Emerging stages.

This stage-based divergence suggests that the pathway into responsible institutional capital is not clear for many businesses. Early-stage and smaller businesses often begin with personal savings, credit cards, family support, or informal borrowing. More established businesses may have more options, but those options are often harder to compare, in part because small business financing generally falls outside the federal Truth in Lending Act and Illinois currently has no state-level equivalent, leaving owners to weigh non-comparable figures like factor rates and fees rather than a common APR. Business owners may need help choosing among loans, lines of credit, grants, revenue-based financing, SBA products, CDFI loans, and bank products.

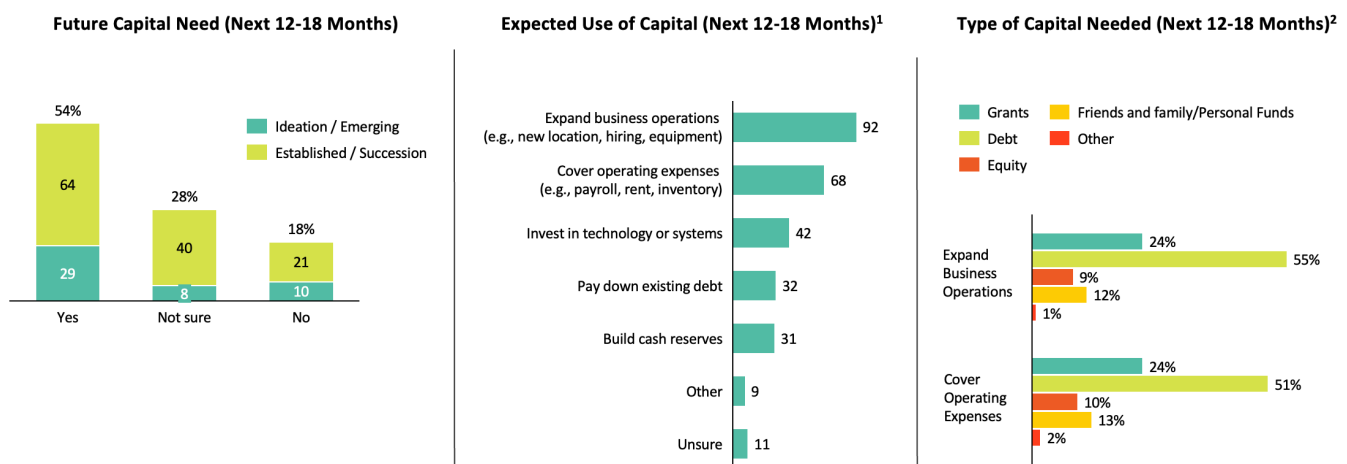
This is another reason capital navigation matters. The region does not only need more capital products. It needs a clearer pathway that helps owners understand which capital source fits their stage, use of funds, repayment capacity, and growth plan.



Anita Hagan, CMSDC; photo courtesy of Cook County Small Business Source.

Looking Ahead: Capital Needs in the Next 12–18 Months

Figure 21: Survey: Capital Access – Looking Ahead



Note: Other includes Friends & Family, Personal Funds, Equipment Leasing, and Sponsorships; 1-Select up to two; 2-Select all that apply;
Source: Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193

Figure 21 shows that future capital demand is split between expansion and operating expenses, suggesting that many businesses are navigating stabilization and growth at the same time. Fifty-four percent of survey respondents reported expecting to need capital in the next 12 to 18 months.⁴⁶ Among those with forward-looking capital needs, the top intended uses were business expansion (32 percent) and covering operating expenses (24 percent). The emergence of business expansion as a top use for capital represents a meaningful shift from the historical pattern, where operating expense coverage has dominated.

It suggests that, with the right products and pathways, the ecosystem may be at an inflection point: the businesses that survived the pandemic and stabilized through ARPA-era support are now positioned to invest in growth—if the capital they need is accessible.

Products sought in the next cycle include grants, business loans, lines of credit, revenue-based financing, and equity. The continued prominence of grants reflects the period of adjustment as businesses transition from pandemic-era grant dependency to sustainable debt-based capital strategies. The ecosystem's challenge is to help businesses make that transition—not by eliminating grants, but by building debt readiness alongside them.

Racial Disparities in Capital Access

Racial disparities in capital access remain among the most consequential findings of this reassessment. Only 12 percent of Black business owners in Chicago report that their financing needs are fully met, compared to 39 percent of White business owners, a gap of 27 percentage points that has not meaningfully narrowed since 2018.⁴⁷ Hispanic- and Asian-owned businesses fall between these extremes, but each group remains less likely than White-owned businesses to report full capital access.

Survey findings point in the same direction. Diverse-owned respondents reported needing capital at a higher rate than non-diverse owned respondents.⁴⁸ Higher capital need, paired with lower access, reinforces the connection between capital access and wealth-building. Businesses that cannot access appropriate financing are less able to hire, expand, withstand shocks, pursue larger customers, or build transferable business value.

These disparities are compounded by differences in personal wealth, collateral, networks, and prior lending relationships. When institutional capital is inaccessible, business owners absorb the gap directly. Fifty-three percent of business owners who faced financial challenges used personal funds as a primary response. For entrepreneurs with less household wealth to draw on, that fallback is both less available and more costly. A business owner who exhausts personal savings to fund operations has less wealth to fall back on in a downturn, less collateral for future borrowing, and less capacity to invest in growth.

This means capital access is not only a financing issue. It is a wealth-building issue. Closing capital gaps for Black-, Latine-, Asian-, and other racially and ethnically diverse-owned businesses requires more than increasing product supply. It requires trusted outreach, borrower readiness support, flexible underwriting, capital navigation, and investment in the lenders positioned to serve businesses outside conventional credit boxes.

“Feels like they are digging to deny you financing. You get all the way through the process and then they find something. It's not just the banks—it happens with some of the nonprofit lenders too. Playing sink or swim.”

– Small Business Owner Interviewee, Health Care

⁴⁶ Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Forward-looking capital need and intended use data derived from survey response data.

⁴⁷ Federal Reserve Bank of New York, Small Business Credit Survey (2025). Financing needs “fully met” defined as either having sufficient funding without applying or receiving the full amount applied for. Data reflects Chicago-area respondents.

⁴⁸ Chicagoland Reassessment SMB Survey (3/27/26 – 4/24/26, 6/3/26 – 6/18/26); N = 193. Capital need by ownership demographics derived from survey response data. Diverse-owned defined as minority-owned and/or women-owned businesses per respondent self-identification.

Mission-Driven Lenders in the Capital Landscape

Within this landscape, CDFIs and other mission-driven lenders occupy a distinct position. They provide responsible financing to businesses that conventional lenders do not consistently reach, including those with limited collateral, thinner credit histories, smaller or nontraditional capital needs, or prior discouraging experiences with mainstream finance. In the missing middle in particular, they are often the lenders willing to make a \$100,000 loan to a business that can repay but does not fit a conventional credit box, which is exactly the flexible, cash-flow-based lending the surveyed banks identified as hardest for them to provide.

Because these institutions rely on a blend of borrower repayments, bank capital, public funding, and philanthropic support, their economics are often misunderstood, including the reasons their rates can appear high even when they operate at or below break-even. A detailed look at how a small business CDFI is capitalized, why its pricing reflects cost rather than profit, and what it needs to serve more businesses is provided in Appendix A: The Economics of a Small Business CDFI.

Willis Tower Skydeck, Chicago, United States; photo by Pedro Lastra, unsplash.com.



Section Takeaways

Chicagoland's small business capital gap remains large and persistent. In 2024, an estimated \$43 billion in capital was sought, while \$8.9 billion was deployed through institutional channels, leaving an estimated \$34 billion gap. This estimate reflects capital sought, not all of which would necessarily qualify as creditworthy demand.

Bank lending has grown in number but shifted toward smaller loans. Since 2018, the number of small business loans rose 28 percent while total dollars deployed fell 13 percent. Because more loans are being made with fewer total dollars, the growth has come at the small-dollar end of the market while larger-dollar lending has contracted, making it harder for growth-stage businesses to access appropriately sized capital.

The missing middle—capital in the \$50,000 to \$250,000 range—remains a critical gap. Many growth needs fall in this range, including equipment, hiring, working capital, buildouts, contract financing, acquisition, and expansion.

Capital access is constrained not only by supply but also by awareness, navigation, readiness, and trust. Many businesses do not know where to apply, and none of the traditional lenders surveyed reported a formal process for referring declined or not-yet-ready applicants to CDFIs, business support organizations, or technical-assistance providers. Stronger borrower outreach, shared referral pathways, and capital navigation are needed so businesses reach the right product and receive a clear next step.

Capital is still used more often for stabilization than growth, but future demand may be shifting. 54 percent of respondents expect to need capital in the next 12 to 18 months, with expansion and operating expenses the most common intended uses.

Racial disparities in capital access remain significant. Black-owned businesses are far less likely than White-owned businesses to report that their financing needs are fully met, reinforcing the connection between capital access and wealth-building.

CDFIs and mission-driven lenders are essential to closing the capital gap, but they need a blend of low-cost lendable capital, operating grants, and credit enhancements such as loss reserves.

From Ecosystem Progress to Future Priorities

Chicagoland's small business ecosystem is stronger than it was in 2018. The region has more visible public-sector infrastructure, stronger collaboration among business support organizations, more funder attention on inclusive entrepreneurship, and a deeper set of programs focused on access to capital, technical assistance, procurement, and business resilience.

Business owners named organizations, advisors, bankers, and peer networks that helped them secure grants, navigate certifications, improve operations, access referrals, and make better decisions. That progress matters. It shows that the region is not starting from scratch.

But the central question of this reassessment, however, is not whether more resources exist. It is whether those resources are translating into sustained access, growth, ownership transition, and wealth-building. Figure 22 summarizes how the ecosystem has strengthened since 2018 and where gaps remain, setting up the priority needs that follow.

Chop Shop Barberia; photo courtesy of The Chicago Community Trust.



Figure 22: 2018 to 2026 Ecosystem Evolution

Since 2018, the ecosystem has strengthened in..	But gaps remain around...
Visible public and philanthropic investment	Support not consistently translating into business growth
BSO coordination, shared networks and platforms	Hard-to-navigate pathways and uneven referrals
Capital access attention and product innovation	Misaligned or hard-to-access capital for growth
Recognition of stage-specific needs	Growth-stage and succession-stage support
Trusted relationships and local intermediaries	Shared data, accountability, and BSO capacity

The evidence is mixed. Many small businesses are stable, resilient, and optimistic, but still face barriers that limit their ability to grow. Survey respondents were at or near profitability, and many had been operating for years. Yet they continued to report persistent challenges around revenue growth, customer acquisition, capital access, business support navigation, and succession planning.

The ecosystem has built meaningful capacity. The next challenge is fit: matching the right support, capital, customers, and transition pathways to the businesses that can use them. That is especially important for the region’s roughly 134,000 small employer firms, which are most directly positioned to create jobs, expand commercial activity, and build transferable business value. It also matters for nonemployer firms with growth potential, legacy businesses approaching ownership transition, and entrepreneurs in communities that have not had equal access to capital, customers, and networks.



Bikettleh; photo courtesy of The Chicago Community Trust.

Priority Needs Emerging from the Research

This report points to four priority needs that should guide the next phase of ecosystem investment. Figure 23 connects the strongest research signals to the future priorities, showing how the recommendations are grounded in the evidence presented throughout the report.

Figure 23: Priority Needs Emerging from Research

Research Signal	Future Priority
Chicagoland has strong entrepreneurial activity, but too few businesses are moving into the revenue and employment levels associated with durable wealth creation.	Coordinate growth-stage support
64% of survey respondents needed capital in the past 12 months, but many did not apply because of cost, eligibility concerns, debt aversion, or uncertainty about where to go.	Right-sized and flexible capital
52% of employer business owners are 55 or older, while formal succession planning remains limited.	Ownership transition and business continuity
47% of respondents primarily use trusted relationships to support, while only 20% primarily rely on formal BSOs.	Navigation, referral infrastructure, and BSO capacity

Priority Need 1:**Coordinated growth-stage support**

Businesses with growth intent need more tailored support to add employees, expand operations, access more customers, strengthen operational systems, and prepare for capital. This need was strongly validated by the Steering Committee, which identified more support for scaling businesses as a top priority.

This priority is not about shifting all resources away from early-stage entrepreneurs. Formation and stabilization support remain important. The gap is that businesses that have moved beyond startup often need deeper help than general technical assistance can provide. Growth-stage businesses may need support with pricing, financial management, procurement readiness, HR systems, leadership development, customer acquisition, professional services, and capital preparation. Helping more businesses move from stability to growth should be a central focus of the next phase of investment.

Priority Need 2:**Right-sized and flexible capital**

Businesses need capital products and pathways that better fit their stage, cash flow, use of funds, and risk profile. Capital providers also need capacity and risk-sharing tools to serve businesses outside conventional underwriting boxes.

The capital gap is not only a supply problem. It is also a readiness, navigation, trust, and product-fit problem. Many business owners need help understanding which capital product is appropriate for their situation, preparing financial records, assessing debt capacity, and connecting to responsible lenders. At the same time, lenders positioned to serve businesses in the missing middle need capital, operating support, and risk-sharing tools to reach more borrowers sustainably.

Priority Need 3:**Ownership transition and business continuity**

The region needs stronger infrastructure to help owners plan for succession, preserve viable businesses, and create ownership pathways for family members, employees, local entrepreneurs, and buyers from communities with lower rates of business ownership.

This is a near-term business continuity issue. As established business owners age, many viable businesses may close without a transition plan. Those closures can lead to job loss, vacant storefronts, lost tax base, and erosion of locally held business value. Addressed intentionally, ownership transition can preserve community anchors, protect jobs, and create new pathways to ownership and wealth-building.

Priority Need 4:**Navigation, Referral Infrastructure, and BSO capacity**

Businesses need clearer entry points and warmer handoffs. Ecosystem partners need shared service mapping, stronger referral practices, and sustainable funding to coordinate around common outcomes.

The region has many strong organizations, but business owners do not always experience them as a connected system. Owners often rely on trusted relationships to find support, which means referrals, local intermediaries, and relationship-based navigation are central to how the ecosystem actually works. Strengthening navigation will require more than a directory. It will require shared service information, warm referral practices, embedded capital navigation, and funding for BSOs to participate in coordination, follow-up, and outcome tracking.

These needs are interconnected. Growth-stage support is less effective without capital. Capital access is weaker without trusted navigation and borrower readiness. Ownership transition depends on advisory support, buyer preparation, and financing. Ecosystem coordination depends on BSOs and capital providers having the capacity to participate.



ChibizChat event June 2026; photo courtesy of City of Chicago.

What This Means for the Next Phase of Investment

The next phase of small business investment in Chicagoland should focus on strengthening the connections that help businesses find and move between services, rather than adding isolated programs.

The region has many assets. The opportunity now is to align those assets around a more specific set of outcomes: helping viable businesses grow revenue, access appropriate capital, reach more customers, expand into new markets, build operational capacity, preserve ownership, and create durable wealth.

That will require targeted investments in both services and infrastructure. Business owners need more tailored support. Capital providers need capacity and risk-sharing tools. BSOs need sustained funding to deepen specialization and coordinate effectively. Funders and public-sector partners need shared measures that show whether ecosystem investments are translating into long-term business outcomes.

The solutions that follow should be evaluated against a simple test: do they help more businesses move from access to action, and from action to sustained growth and wealth-building?

Solution Overview

The findings of this reassessment point to a clear investment agenda. Chicagoland should build on existing assets, strengthen the connections between them, and invest in the parts of the ecosystem that help businesses move from stability to growth, ownership transition, and wealth-building.

This section translates four priority needs in Section 7 into four investment areas. Each investment area addresses a distinct gap and includes a set of potential solutions. Section 9 then organizes those solutions into an implementation roadmap.

Cloud Gate, Millennium Park Chicago; photo courtesy of magnific.com.

The four investment areas are:

- 1 **Growth-Stage Support**
- 2 **Right-Sized and Flexible Capital**
- 3 **Ownership Transition**
- 4 **Navigation and Ecosystem Accountability**



How Priorities Were Identified

The project team developed an initial set of potential solutions based on quantitative analysis, small business survey findings, focus groups, stakeholder interviews, and Steering Committee input. The potential solutions within each investment area were then assessed against two criteria: potential impact and ease of implementation.

The process elevated near-term actions that could address urgent needs while building on existing infrastructure. It also identified longer-term investments that should begin with design, coordination, and partner alignment before implementation.

Table 3: Solution Prioritization Framework – Impact vs. Ease of Implementation

Priority Category	Description	Example Solutions
Build Now	High-impact solutions that can move forward in the near term by building on existing organizations, partnerships, and infrastructure.	Growth-Stage BSO Programming + Capacity Fund; Shared Professional Services Network; Missing-Middle Loan Products; Borrower Outreach; Succession Planning Advising; Scaling Ecosystem Hubs + Coalitions.
Design for Scale	High impact solutions that require additional design, infrastructure, dedicated capacity, or multi-funder coordination. Planning should begin now, even if implementation takes longer.	ETA-to-Legacy Business Matchmaking; Shared Intake + Warm Referral System; Capital Provider Capacity Building Fund (linked to Missing-Middle products); Acquisition Capital for Local Buyers.
Strengthen Existing Work	Lower-lift improvements that can deepen, align, or improve existing programs and partnerships.	Prepare owners for succession, preserve viable businesses, and create ownership pathways for family members, employees, local entrepreneurs, and underrepresented buyers.

Note: Priority placement reflects input from Steering Committee meetings in April and May 2026.

Investment Area 1: Growth-Stage Support

Many resources in Chicagoland are oriented toward launch, stabilization, or broad technical assistance. Growth-stage businesses need a different kind of support: help strengthening operations, managing people, accessing larger customers, preparing for capital, and building the systems required to scale.

This investment area focuses on businesses that have moved beyond startup but are not yet consistently positioned to access more customers, larger amounts of capital, stronger professional services, or the management systems needed for sustained growth. This is especially relevant for Chicagoland’s roughly 134,000 small employer businesses, which are most directly positioned to create jobs, expand commercial activity, and build transferable business value. It also applies to nonemployer firms with clear growth potential that may be able to move into employer status with the right mix of support, customers, and capital.

Table 4: Investment Area 1 Solutions – Growth-Stage Support

Solution	Priority	Description
Scaling-Specific BSO Programming + Growth-Stage BSO Capacity Fund	Build Now	Fund BSOs to design and deliver structured programming for growth-stage businesses, focused on operations, financial management, workforce, expansion planning, procurement readiness, and capital preparation. Programming and BSO capacity should be implemented together, because deeper growth-stage support requires staff time, specialized expertise, and delivery infrastructure.
Shared Professional Services Network	Build Now	Create a regional network that connects growth-stage businesses to vetted legal, accounting, HR, benefits, and operational service providers. This should begin with priority needs for employer businesses rather than trying to solve every professional services gap at once. The network could include access to employer-focused supports such as health care, retirement benefits, HR systems, and other services that help small businesses professionalize and retain talent.
Scaling Business Peer Cohorts	Build Now	Launch facilitated peer cohorts organized by industry, business model, or growth stage. Cohorts should be specific enough to create real peer learning, mentor relationships, and practical exchange among businesses facing similar growth challenges.
Procurement and Market Access Support	Strengthen Existing Work / Cross-Platform	Embed procurement readiness, certification support, buyer education, and market access support into growth-stage programming. This should help businesses move from capacity-building into actual customer and contract opportunities. The solution should also connect directly to Investment Area 4 because procurement pathways require navigation and ecosystem coordination.
Operational Efficiency and AI Curriculum	Strengthen Existing Work	Develop practical training and coaching that helps businesses adopt AI, digital tools, and workflow improvements. A “train the trainer” model can help BSOs build internal capacity and make digital literacy a baseline capability for small businesses across the region.

Growth-stage support should also account for place. Not all growth-stage businesses are located in dense corridors or areas with strong BSO coverage. The ecosystem should map existing offerings and identify true gaps before building new programs, with particular attention to Suburban Cook County, South and West Side corridors, and other areas where growth businesses may be less visible to regional partners.

Investment Area 2: Right-Sized and Flexible Capital

Businesses need capital products and pathways that better fit their stage, cash flow, use of funds, risk profile, and growth trajectory. The capital section of this report shows that the missing middle—capital in the \$50,000 to \$250,000 range—remains one of the most important gaps for small businesses seeking to grow. This gap persists because financing needs in this range are often too large for microloan programs but too small, risky, or relationship-intensive for many conventional bank products. CDFIs and other mission-driven lenders are often positioned to serve this segment, but limited lendable capital, operating capacity, and risk-sharing tools constrain how much demand they can meet. This gap looks different depending on a business's growth model: Main Street businesses need more durable, non-grant capital, while venture-backable businesses need earlier access to angel and seed investment. In both cases, funders should examine whether their current investments are concentrated in one pathway and unintentionally underserving the other.

Investment Area 2 focuses on expanding responsible capital, while Investment Area 4 focuses on addressing the readiness, outreach, and institutional capacity required to deploy that capital effectively. Outreach will help owners understand which capital fits their stage and type, since many don't pursue options they would otherwise qualify for simply because they don't know these options exist. Institutional capacity means growing the ability to deploy capital and connect founders to investor networks, especially founders historically excluded from equity investment, so capital that exists on paper is actually within reach.

Chicago Skyline from Skokie, Cook County, Illinois; photo by halbergman, istockphoto.com.



Table 5: Investment Area 2 Solutions – Right-Sized and Flexible Capital

Solution	Priority	Description
Borrower Outreach	Build Now	Increase lender and partner capacity to reach business owners who may not know where to go for responsible capital. Outreach should be targeted, trusted, and coordinated with BSOs, chambers, and ecosystem hubs. It should help businesses understand available products, eligibility, use cases, and the difference between responsible capital and high-cost alternatives.
Missing-Middle Loan Products + Revenue-Based Financing	Build Now	Develop or strengthen capital products designed for businesses seeking \$50,000 to \$250,000, including flexible loan products and revenue-based financing where appropriate. Revenue-based financing should be treated as part of the broader missing-middle strategy rather than a standalone initiative. Implementation should begin with a pilot that tests product-market fit, borrower demand, underwriting needs, and repayment performance.
Capital Provider Capacity Building Fund	Build Now	Establish a blended fund that strengthens CDFIs, mission-driven lenders, community-based lenders, and other responsible providers through low-cost lendable capital, operating grants, and loan loss reserves or credit enhancement. This should be closely linked to missing-middle product development so providers have both the capital and operating capacity to serve businesses outside conventional underwriting boxes.
Pre-Capital TA for Growth Borrowers	Strengthen Existing Work	Provide technical assistance that helps borrowers prepare for underwriting, organize financial records, develop cash flow projections, understand debt capacity, and connect with the right lender or product. This serves as a bridge between borrower awareness and successful capital acquisition.

Capital navigation is addressed in Investment Area 4 because it is part of the ecosystem's broader navigation and referral infrastructure. That said, capital solutions will not succeed without it. Borrower outreach, pre-capital technical assistance, and capital navigation should be designed together so that business owners move from awareness to readiness to lender connection without failing through the cracks.

Near-term implementation should begin with a capital provider roundtable, followed by a missing-middle pilot with one or more CDFIs, mission-driven lenders, community-based lenders, or other responsible providers. The pilot should collect data on borrower demand, use of funds, approval rates, repayment performance, and borrower outcomes.

Investment Area 3: Ownership Transition

Ownership transition is both a risk and an opportunity for Chicagoland. With 52 percent of Chicagoland employer business owners 55 or older and the majority lacking a succession plan, the succession gap is a present challenge—not a future risk. The region faces the possibility of avoidable closures, job loss, corridor disruption, and loss of locally held business value.

Handled intentionally, ownership transition can preserve viable businesses, protect jobs, and create ownership pathways for family members, employees, local entrepreneurs, and buyers from communities with lower rates of ownership.

This investment area focuses on building a more complete transition pathway: early awareness, owner readiness, valuation support, buyer preparation, acquisition capital, and implementation support.



Manny Flores (SomerCor), Rodney Brown (New Covenant CDC), Rhea Yap (Chinese Mutual Aid Association), Jaime Di Paulo (Illinois Hispanic Chamber of Commerce), and Dan Seals (Chicago Minority Supplier Development Council) at the Capacity Building for Capacity Builders May 2026 Event; photo courtesy of Loyola University of Chicago.

Table 6: Investment Area 3 Solutions – Ownership Transition

Solution	Priority	Description
Succession Planning Advising Program	Build Now	Create a two-track-advising model. Track 1: Early-Stage Planning would help owners understand succession options, identify goals, assess key considerations, and develop a preliminary roadmap. Track 2: Implementation and Execution would support owners who are ready to prepare for and execute a transition. The model should account for the individualized nature of succession, including business model, industry, asset composition, physical location, family dynamics, and owner objectives.
Employee Ownership TA Pathways	Strengthen Existing Work	Fund specialized intermediaries to provide education and technical assistance to owners and employees considering employee ownership, ESOPs, worker cooperatives, or other shared ownership models. This should be integrated into the broader succession advising pathway where appropriate.
ETA-to-Legacy Business Matchmaking	Design for Scale	Build a structured pathway to connect interested sellers with trained acquisition entrepreneurs, including local entrepreneurs and buyers from communities with lower rates of business ownership. This should be designed over time and coordinated with emerging efforts such as acquisition entrepreneurship programs entering the Chicago market (e.g., New Majority Capital's bETA Accelerator launching in Chicago in 2027).
Acquisition Capital for Local Buyers	Design for Scale	Develop flexible financing tools for employees, family members, local entrepreneurs, and community buyers. Potential tools should include patient down-payment capital, seller-financing support, credit enhancement, bridge financing, or acquisition loan products.

Multiple ownership transition solutions should be consolidated into a broader advisory structure rather than developed as disconnected programs. Owners need a pathway that can meet them early, stay with them through decision-making, and connect them to specialized legal, accounting, valuation, buyer, and financing support when they are ready.

Investment Area 4: Navigation and Ecosystem Accountability

Chicagoland has many resources, but businesses do not always experience them as a connected system. Owners often rely on trusted personal relationships, repeat their story across multiple organizations, and struggle to know which provider, lender, program, or opportunity is right for their stage and goals.

This investment area focuses on making the ecosystem easier to use and more accountable for outcomes. It is the infrastructure that supports the other three investment areas.

Table 7: Investment Area 4 Solutions – Navigation and Ecosystem Accountability

Solution	Priority	Description
Scaling Existing Ecosystem Hubs + Coalitions	Build Now	Strengthen or evolve existing ecosystem hubs (i.e., Cook County Small Business Source, ChiBizHub, and Chicago Neighborhood Business Development Centers), coalitions, and referral platforms into a “single front door” rather than creating another disconnected entry point. Investment should improve functionality, partner integration, and pathways for growth-stage and scaling businesses. Regional partners will be critical, especially for suburban Cook County and mid-sized businesses that may not fit neighborhood-based delivery models.
Capital Navigation	Build Now	Embed capital navigation within trusted BSOs, ecosystem hubs, and existing referral infrastructure. Capital navigation should help businesses understand financing options, assess readiness, identify appropriate products, and receive warm referrals. This kind of outreach is critical because awareness gaps keep businesses from pursuing capital they would otherwise qualify for, so navigation should specifically help owners understand which products fit their stage and business type. Strengthening referral pathways between capital providers and support organizations, in both directions, ensures businesses are routed to the right resource.
Procurement and Market Access Support	Build Now / Cross-Platform	Create clearer pathways that help businesses move from growth-stage support into procurement, certification, buyer education, and market access opportunities with institutional and government buyers. This should connect directly to Investment Area 1’s growth-stage programming.
BSO Services Inventory	Build Now	Fund BSOs and ecosystem partners to map their full service offerings, eligibility requirements, target business segments, geographic reach, and referral preferences. This should include services that are not currently funded by public sources. A stronger inventory will make referrals more accurate and help identify true coverage gaps. This inventory should support existing hubs and referral platforms, but it is a distinct piece of infrastructure that requires design, maintenance, and partner participation.
Incentive Structures for Ecosystem Participation	Build Now	Design grants, contracts, and partnership structures that reward collaboration, warm referrals, shared data practices, and long-term engagement with businesses. Incentives should support participation by BSOs, business owners, capital providers, and coalition stakeholders rather than only counting one-time program attendance.
Shared Intake and Warm Referral System	Design for Scale	Develop shared intake standards, referral protocols, and warm handoff processes across participating organizations. This would reduce the burden on business owners to repeat their story and would create a more coordinated experience across the ecosystem. Scaling existing ecosystem hubs and coalitions (see Build Now solutions above) provides the foundation for this work, but shared intake and warm referrals require their own standards, protocols, staffing, and accountability practices.

How all the Investment Areas Work Together

The four areas are mutually reinforcing.

Growth-stage support helps businesses strengthen operations, prepare for capital, and access customers. Right-sized capital helps those businesses act on growth opportunities. Ownership transition support preserves existing businesses and creates pathways for new owners. Navigation and accountability help businesses move across the ecosystem without having to find every resource on their own.

The practical implication is that implementation should be coordinated. A business in a growth-stage cohort should be able to access professional services, receive capital readiness support, get referred to a responsible lender, and pursue procurement opportunities through a connected pathway. A succession-stage owner should be able to receive early planning support, connect to legal and valuation expertise, identify potential buyers, and access acquisition financing if needed.

The recommendations are therefore not a menu of unrelated programs. They are the building blocks of a more connected small business ecosystem.

Section Takeaways

The solutions roadmap is organized around four investment areas: Growth-Stage Support, Right-Sized and Flexible Capital, Ownership Transition, and Navigation and Ecosystem Accountability.

The investment areas are interconnected. Growth-stage support depends on capital access; capital access depends on outreach, readiness, navigation, and lender capacity; ownership transition depends on advisory support and financing; and all four require stronger ecosystem coordination.

Near-term action should focus on solutions that build on existing infrastructure: growth-stage BSO programming, shared professional services, missing-middle capital products, capital provider capacity, succession advising, capital navigation, and stronger ecosystem hubs that can evolve into a “single front door” for small businesses.

Longer-term investments should begin with design and coordination now, especially shared intake and warm referrals, acquisition capital, and buyer-seller matchmaking.

No single institution can implement this agenda alone. The next phase will require coordinated roles for funders, public agencies, BSOs, capital providers, chambers, community-based partners, and business owners.

Solution Roadmap

The four investment areas described in the prior section should be implemented as a coordinated roadmap, not as a set of disconnected initiatives. The sequencing matters. Chicagoland should begin with solutions that can build on existing infrastructure, while also designing the longer-term systems needed to make the ecosystem easier to use, better coordinated, and more accountable for outcomes. This roadmap is intended to clarify sequencing, not introduce a new set of recommendations.

The roadmap is organized into two time horizons:

1 Build Now:

Expected timeframe:
6–12 months

High-impact actions that can move forward in the near term by building on existing organizations, partnerships, and infrastructure.

2 Design for Scale:

Expected timeframe:
1+ years

Longer-term investments that require additional design, dedicated capacity, multi-funder coordination, or new infrastructure, but should begin planning now.

2023 Source grant recipients Tracey McGhee, Sherry Spellers, and Kenya Robertson; photo courtesy of Cook County Small Business Source.



Roadmap by Investment Area

Table 8: Chicagoland Small Business Ecosystem Solutions Roadmap

Recommendation	Build Now	Design for Scale
1. Growth-Stage Support	- Launch scaling-specific BSO programming and a Growth-Stage BSO Capacity Fund as a combined effort. - Develop a Shared Professional Services Network. - Pilot peer cohorts organized by industry, business model, or growth stage. - Embed procurement and market access support into growth-stage programming. - Develop practical AI and operational efficiency training through a train-the-trainer model.	- Develop a place-based growth-stage strategy that identifies where growth businesses are located, which geographies have thinner support coverage, and which regional or local partners can anchor delivery. - Expand professional services and employer-support offerings over time, including health care, retirement, HR, and other supports that help businesses professionalize.
2. Right-Sized and Flexible Capital	- Convene a capital provider roundtable. - Design and pilot missing-middle capital products in the \$50,000 to \$250,000 range. - Incorporate revenue-based financing where appropriate. - Establish a Capital Provider Capacity-Building Fund that combines low-cost lendable capital, operating grants, and loan loss reserves. - Provide pre-capital technical assistance for growth borrowers.	- Build a fuller missing-middle capital product suite based on pilot results. - Expand lender participation. - Develop shared data on borrower demand, approval rates, product performance, repayment, and borrower outcomes. - Explore longer-term acquisition and contract-financing products tied to ownership transition and procurement opportunities.
3. Ownership Transition	- Launch a two-track Succession Planning Advising Program. Track 1 should focus on early-stage awareness, owner goals, transition options, and preliminary planning. - Track 2 should support owners ready to prepare for and execute a transition. Integrate employee ownership education and technical assistance where appropriate.	- Build buyer-seller matchmaking infrastructure, including pathways for acquisition entrepreneurs, employees, family members, and local buyers. - Develop acquisition capital tools such as patient down-payment capital, seller-financing support, bridge financing, credit enhancement, or acquisition loan products.
4. Navigation and Ecosystem Accountability	- Strengthen existing ecosystem hubs and coalitions. - Embed capital navigation into trusted BSOs and referral infrastructure strengthen referral pathways between capital providers, and support organizations create clearer procurement and market access pathways. - Fund a BSO services inventory. - Design incentives that reward warm referrals, shared data, collaboration, and long-term engagement.	- Develop shared intake standards and warm referral protocols across participating organizations. - Build the technology, staffing, and governance needed to support coordinated referrals, service tracking, capital navigation, and shared outcome measurement over time.

Note: Roadmap reflects Steering Committee refinements from May 28, 2026. Revenue-Based Financing is consolidated into Missing-Middle Loan Products. Capital Navigation is incorporated into Navigation + Accountability. Shared Professional Services Network is elevated to Build Now. Procurement and Market Access spans both the Growth-Stage Support and Navigation and Ecosystem Accountability investment areas.

Recommended Near-Term Actions

Implementation should begin with a limited set of practical actions that create momentum without overbuilding too early. These actions are the first moves within the broader roadmap, not a separate set of recommendations.



Map existing growth-stage support before creating new programs.

The region should identify which BSOs, chambers, industry organizations, and specialized providers already support growth-stage businesses, what services they provide, which geographies and industries they reach, and where true gaps remain. This mapping should inform the design of growth-stage programming, peer cohorts, and the Shared Professional Services Network.



Identify anchor partners for growth-stage delivery

The Leadership Group should identify organizations with existing models, trusted relationships, and capacity to serve established businesses. Anchor partners should be selected based on fit with business stage, industry focus, geography, and ability to connect businesses to professional services, procurement opportunities, and capital readiness support.



Convene a capital provider roundtable

The capital strategy should begin with a roundtable of CDFIs, mission-driven lenders, community-based lenders, banks, public-sector partners, and funders to test demand for missing-middle products, identify product gaps, clarify capital provider constraints, and determine what kind of blended capitalization would be most useful.



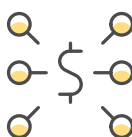
Design a missing-middle capital pilot

The pilot should focus on businesses seeking \$50,000 to \$250,000 and should test product design, borrower outreach, underwriting criteria, technical assistance needs, repayment performance, and borrower outcomes. Revenue-based financing should be considered as one tool within the broader missing-middle strategy, not as a standalone solution.



Launch the two-track succession advising model

Ownership transition work should begin with advising, not financing alone. Track 1 should help owners explore options early. Track 2 should support owners who are ready to move toward implementation. The program should include pathways to legal, accounting, valuation, buyer preparation, employee ownership, and acquisition financing support.



Build the foundation for navigation and warm referrals

The region should strengthen existing hubs before creating new platforms. Near-term work should include a BSO services inventory, common referral expectations, embedded capital navigation, and incentives that reward organizations for collaboration and follow-through.

Suggested Roles by Ecosystem Actor

Implementation will require coordinated roles across the ecosystem. No single institution can own the full roadmap.

Table 8: Suggested Roles for Implementation

Actor	Potential Roles
Philanthropic Funders	Provide flexible funding for BSO capacity, growth-stage programming, CDFI capitalization, loan loss reserves, and capital pathways for venture-backable businesses, as well as shared infrastructure, evaluation, and longer term implementation design.
Public-Sector Partners	Align small business programs, procurement pathways, public capital tools, data systems, and outreach infrastructure with the roadmap priorities. Support coordination across City of Chicago and suburban Cook County geographies.
BSOs, Chambers, and Community-Based Organizations	Deliver growth-stage support, trusted outreach, capital readiness assistance, succession planning entry points, referrals, and ongoing relationship-based support for business owners.
CDFIs, Mission-Driven Lenders, and Community-Based Lenders	Design and pilot missing-middle products, provide responsible capital, participate in capital navigation systems, share product performance data, and identify capitalization needs and operating support needs.
Banks and Financial Institutions	Provide CRA-aligned capital, referral partnerships, loan participation opportunities, technical expertise, and support for CDFI capitalization and small business borrower pathways.
Industry, Procurement, and Anchor Partners	Connect businesses to larger customers, contract opportunities, supplier readiness support, and sector-specific growth pathways.
Business Owners	Participate in advising, peer cohorts, capital readiness, succession planning, and feedback loops that help the ecosystem understand what is working and where support remains difficult to use.

Tracking Progress: Suggested Metrics

The ecosystem currently lacks a shared framework for measuring whether investments are producing the outcomes that matter most. Participation counts are useful, but they are not enough. The next phase should track whether businesses are accessing appropriate support, using capital effectively, growing revenue, hiring and retaining workers, preserving ownership, and building wealth.

Metrics should be disaggregated by geography (city of Chicago vs. suburban Cook County), owner demographics (race/ethnicity, gender), business stage, industry, and business size where possible. At minimum, the ecosystem should be able to track outcomes for city of Chicago and suburban Cook County businesses, Black-owned businesses, Latino-owned businesses, Asian-owned businesses, women-owned businesses, and businesses at different growth stages.

Impact measurement needs a clear owner to succeed. It can be a shared responsibility across the ecosystem, but one entity, whether philanthropy or a public-sector agency, should hold the framework and be accountable for it.

Table 10: Illustrative KPIs by Investment Areas

Investment Areas	Illustratives KPIs
Growth-Stage Support	• Businesses enrolled in growth-stage programming • Businesses completing peer cohorts • Share reporting revenue growth in 12 months • Share accessing larger customers or new contracts • Number of BSOs offering dedicated growth-stage services • Utilization of professional services network • Business satisfaction with relevance and quality support
Right-Sized and Flexible Capital	• Borrower awareness of responsible lenders (via survey) • Capital deployed in the \$50K–\$250K range, by product type and lender type • Number and share of borrowers completing pre-capital technical assistance before applying • Median loan size, time to decision, and top reasons for declined or incomplete applications • Loan performance indicators, including repayment status, delinquency, default, and charge-off rates • Borrower outcomes 12 months after receiving capital, including revenue growth, jobs retained or created, new contracts, or business expansion
Ownership Transition	• Acquisitions completed by buyers from communities with lower rates of business ownership • Businesses matched with potential buyers • Businesses with a documented succession plan • Number of Track 1 (early-stage planning) advising engagements • Number of Track 2 (implementation) advising engagements • Share of succession-stage businesses engaged through formal vs. personal relationship channels
Navigation and Ecosystem Accountability	• BSO and business owner participation rates in incentivized collaboration structures • BSO service inventory completion • Ecosystem hub utilization in suburban Cook County • Number of warm referrals tracked across the BSO network • Share of businesses aware of local BSO resources (via survey) • Share of businesses receiving Capital Navigation referrals that successfully connect with a lender

By 2030, Chicagoland should be able to show measurable progress across all four investment areas: more businesses accessing growth-stage support, more responsible capital reaching borrowers not consistently served by conventional capital channels, more ownership transitions completed by local buyers, and a more connected system that businesses can navigate with confidence.

Implementation Principles

Implementation should be guided by five principles. The roadmap should build on existing assets, design around business stage and use case, pair services with capital, fund coordination as real work, and track outcomes rather than activity alone.



Build on existing assets.

Chicagoland has strong organizations, trusted relationships, public platforms, capital providers, and coalitions. The roadmap should strengthen and connect those assets before creating new standalone infrastructure.



Design around business stage and use case.

A startup, a growth-stage employer, a procurement-ready supplier, and a succession-stage owner do not need the same support. Solutions should be tailored by stage, sector, geography, and business model.



Pair services with capital.

Capital is most effective when businesses have the systems, records, customers, and repayment capacity to use it well. Growth-stage support, capital readiness, and navigation should be designed together.



Fund coordination as real work.

Warm referrals, shared intake, data tracking, convening, and follow-up take staff time and infrastructure. If the ecosystem wants coordination, it must fund the capacity required to deliver it.



Track outcomes, not activity alone.

Success should be measured by whether businesses grow, access capital, enter new markets, transition ownership, retain jobs, and build wealth—not only by how many businesses attend programs.

Section Takeaways

The roadmap sequences implementation across two time horizons: Build Now and Design for Scale

Near-term priorities include mapping existing growth-stage supports, identifying anchor partners, convening a capital provider roundtable, designing a missing-middle pilot, launching a two-track succession advising model, and strengthening navigation infrastructure.

Longer-term investments should begin with design work now, especially shared intake and warm referrals, acquisition capital, buyer-seller matchmaking, and expanded missing-middle capital products.

Implementation requires clear roles across funders, public agencies, BSOs, capital providers, banks, chambers, anchor institutions, and business owners. No single actor can advance all four investment areas.

A shared measurement framework is itself a priority investment. Metrics should track depth of engagement and long-term business outcomes, not only participation counts.

Conclusion

Since the 2018 assessment, Chicagoland has built a stronger small business ecosystem. That work has produced real assets: trusted business support organizations, stronger public-sector networks and platforms, more coordinated funder attention, locally rooted capital providers, and a deeper understanding of how small business needs differ by stage, sector, geography, and ownership.

Synergy Candy Apples; photo courtesy of The Chicago Community Trust.



The task now is to turn that infrastructure into more consistent outcomes.

Across the research, business owners were clear about what they need: support that is easier to navigate, capital that fits their growth path, trusted advisors who understand their business, and practical help moving from planning to execution. Chicagoland's next phase of small business investment should focus on helping more businesses move from access to action, and from action to growth, ownership transition, and wealth-building.

The roadmap in this report points to four priorities: coordinated growth-stage support, right-sized and flexible capital, ownership transition and business continuity, and stronger navigation, referral infrastructure, and BSO capacity. As outlined in the Solutions Roadmap, implementation will require funders, public agencies, CDFIs, business support organizations, chambers, community-based partners, capital providers, and business owners to work from a shared agenda, with each playing a distinct and complementary role. No single institution can move all four priorities forward. Aligned, they can.

This work will also require sustained commitment. A stronger ecosystem is not built through one-time programs or short-term pilots alone. It requires patient capital, durable operating support, clearer roles, shared data, and the discipline to measure whether investments are producing the outcomes that matter: businesses growing revenue, accessing appropriate capital, hiring, and retaining workers, preserving ownership, and building wealth in communities across Chicagoland.

The region has the assets, relationships, and urgency to act. If ecosystem partners align around these priorities, Chicagoland can move beyond helping small businesses survive toward building a system where more businesses can grow, transition, and thrive, creating household and community wealth for the generations to come.

Jasney Diggs and James Diggs, Tidy Up Experts; photo courtesy of Allies for Community Business.





Business owner in Marshall Square; photo courtesy of The Chicago Community Trust.

Appendix

Appendix A Case Study: The Economics of a Small Business CDFI

Community Development Financial Institutions, or CDFIs, are among the most important, and often least understood, institutions in the small business capital ecosystem. They provide responsible financing to businesses that conventional lenders do not consistently reach, including businesses with limited collateral, thinner credit histories, smaller capital needs, nontraditional revenue patterns, or prior discouraging experiences with mainstream finance.

CDFIs are not simply lenders with a mission statement. They are blended-finance institutions. They combine borrower repayments, bank capital, public funding, philanthropic grants, concessionary debt, and risk-sharing tools to make loans that are often too small, too customized, or too high-touch for mainstream finance to deliver profitably at scale.

That model matters in Chicagoland because responsible capital exists in the market, but many business owners do not know where to find it or are not yet prepared to access it. Interviews with capital providers suggest that awareness is one of the biggest barriers to responsible financing. For businesses that do know where to go, the next challenge is often repayment capacity: whether the business can take on debt without worsening its financial position.

Why CDFI Rates Can Be Misunderstood

One common misunderstanding is that CDFI interest rates represent large profit margins. They do not. Small business CDFI lending is expensive to deliver per dollar lent because loans are smaller, underwriting is more customized, borrowers may require more support, and repayment risk may be higher than in conventional lending.

A small business CDFI must cover three major layers before a loan breaks even:

Table 11: The CDFI Cost Stack

Cost Layer	Typical Range	What It Means
Cost of Borrowed Capital	~4–6% / year	CDFIs often borrow from banks, foundations, government programs, and impact investors to fund their loan pools. Unlike banks with access to deposits, many CDFI loan funds must pay for the capital they relend.
Provision for Loan Losses	~3–10% / year	CDFIs must set aside reserves to absorb expected losses, especially when serving borrowers with limited collateral, thinner credit histories, or less conventional financial profiles.
Operating Expenses	~6–8% / year	Underwriting, servicing, borrower coaching, compliance, reporting, outreach, fundraising and technical assistance all require staff and infrastructure. Smaller loans are especially labor-intensive per dollar deployed

Note: Figures represent illustrative industry-average ranges for nonprofit small business loan funds. Actual figures vary by institution, portfolio mix, and loan size. These ranges are not attributable to any individual CDFI.

Source: Congressional Research Service, CDFIs: Overview and Selected Issues (2022); San Francisco Federal Reserve, Understanding CDFI Financial Data (2023); Aeris, CDFI Performance Report (2025).

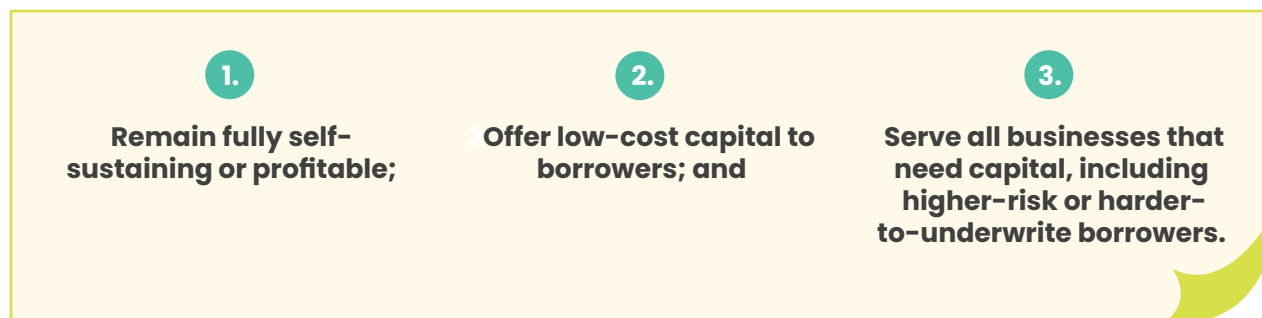
Taken together, these costs can consume much of the revenue generated through interest and origination fees. A CDFI charging an interest rate that may look high to an outside observer may still be operating at or below break-even once cost of capital, loan loss provisions, and operating costs are included.⁴⁹

This is why philanthropy and public-sector support are not signs of inefficiency. They are part of the business model that makes responsible small business lending possible, and without their support, a CDFI would have to do at least one of three things: charge higher rates, serve fewer higher-risk borrowers, or reduce the coaching and support that help borrowers succeed.

⁴⁹ Next Street stakeholder interviews (2026); Congressional Research Service, Community Development Financial Institutions: Overview and Selected Issues (2022); Federal Reserve Bank of San Francisco, Understanding CDFI Financial Data (2023); Aeris, CDFI Performance Report (2025). Figures vary by institution, portfolio mix, capitalization, product type, and loan size.

The Financial Inclusion Trilemma

The economics of CDFI lending reflect a basic tradeoff: no lender can simultaneously maximize all three of the following goals:⁵⁰



This is the financial inclusion trilemma. Conventional lenders often solve it by limiting access to borrowers who fit standard underwriting criteria. High-cost online lenders may solve it by charging rates and repayment terms that extract value from the business. CDFIs take a different approach: they prioritize responsible access, pair capital with support, and use public and philanthropic subsidy to make the model sustainable.

This does not mean every business should receive debt. Responsible lending still requires a plausible path to repayment. But it does mean that funders and public-sector partners need to understand what they are supporting: not failure, but the cost of serving businesses that mainstream finance does not consistently reach.

“When I explain our average APR, some funders assume we’re operating like a hard-money lender. What they don’t see is that even at that rate, we are not covering our costs even though we are a highly efficient lender. The philanthropy is what makes it possible to serve the businesses no one else will touch.

– Chicagoland CDFI leader



McKinley Park Music School; photo courtesy of The Chicago Community Trust.

50 Adam J. Levitin, “The Financial Inclusion Trilemma,” Yale Journal on Regulation Vol. 41:109 (2024).

Why Product Design Matters

Different capital products create different economics for both the borrower and the lender, and different demands for the institutions that offer them.

A term loan

is the simplest to understand. The borrower receives a fixed amount and repays it over a defined period. The lender receives predictable payments and can relend capital as the loan amortizes. But even a standard term loan can be high-touch if the borrower needs underwriting support, financial coaching, or post-loan assistance.

A line of credit

is often more flexible for the borrower because it can be drawn as needed for inventory, payroll, contract timing, or cash flow gaps. But it can be more difficult for a nondepository CDFI to manage because the lender must maintain liquidity for potential draws, monitor usage, and fund a product that may be partially undrawn.

Revenue-based financing

can be especially useful for some established businesses because repayment flexes with revenue. It can align repayment with growth and reduce pressure when revenue is slower than expected. But it also requires more monitoring, borrower education, and patient capital. It should be understood as a promising tool, not a universal solution.

The lesson is that product innovation must be paired with capitalization and capacity. A new product is only useful if lenders have the capital to offer it, staff to manage it, reserves to absorb risk, and borrowers who understand how it works.

Back of the Yards Coffeehouse; photo courtesy of The Chicago Community Trust.



What CDFIs Need to Serve More Businesses

CDFIs serving small businesses need a full capital stack, not a single intervention. Interviews with local capital providers pointed to three core needs.

Table 11: What CDFIs Need to Serve the Missing Middle

Tool	What It Does	Why It Matters
Low-Cost Lendable Capital	Provides CDFIs with funds they can borrow and relend at below-market cost.	Lower-cost capital allows CDFIs to offer more affordable products, take appropriate risks, and serve businesses outside conventional underwriting boxes.
Operating Grants	Covers loan officers, underwriters, technical assistance staff, compliance, outreach, and borrower support.	Operating support helps CDFIs deliver smaller and more complex loans without passing the full cost on to borrowers.
Loan Loss Reserves / Credit Enhancement	Creates a reserve fund or guarantee structure that absorbs expected losses.	Risk-sharing allows CDFIs to serve borrowers with limited collateral, thinner credit histories, or less conventional financing profiles while keeping pricing more affordable.
Loan Participations	Lets a bank purchase part or all of the economic interest in a loan the CDFI originates, while the CDFI retains the servicing and the borrower relationship.	Offloading a portion of each loan reduces the CDFI's risk exposure and frees up capital, letting it recycle the same dollars into new loans and reach more borrowers faster.

Source: Next Street stakeholder interviews (2026).



Yvette Lyles, Silver Pearls Senior Solutions;
photo courtesy of Cook County Small Business Source.

Low-cost lendable capital and operating grants are foundational. Loss reserves and credit enhancement are highly valuable, especially when CDFIs are expanding into more flexible products, higher-risk borrowers, or new markets. The exact structure matters less than whether the capital stack gives CDFIs sufficient volume, flexibility, and risk protection to lend responsibly.

This is especially important for the missing middle. A CDFI may be willing and able to make a \$100,000 loan to a business that can repay. But to do that at scale, the institution needs enough low-cost capital to lend, operating support to underwrite and service the loan, and reserves to absorb expected losses. Without all three, the lender’s ability to serve the market remains constrained.

The Chicagoland ecosystem has mission-driven lenders positioned to do this work. The constraint is not only whether responsible lenders exist. It is whether they have the capital, operating capacity, and risk-sharing tools needed to meet the scale and complexity of small business demand.

Implications for Capital Strategy

The capital ecosystem findings point to a clear set of priorities.

First, the region should expand right-sized capital in the \$50,000 to \$250,000 range, while recognizing that the missing middle is not only a product gap. The ecosystem must also address awareness, readiness, underwriting preparation, and navigation.

Second, capital products should be paired with technical assistance. Businesses need support understanding their financing options, preparing financial documents, assessing repayment capacity, and choosing products that match their use of funds.

Third, CDFIs and mission-driven lenders should be capitalized as infrastructure, not treated as program delivery partners. Low-cost lendable capital, operating grants, and loan loss reserves each solve a different constraint. A blended approach is more effective than any single tool.

Fourth, capital strategy should be tied to growth-stage support and ownership transition. Businesses seeking expansion capital need operations, financial management, HR, procurement, and customer readiness support. Businesses approaching ownership transition may need valuation support, buyer preparation, and acquisition financing. Capital is necessary, but it is most effective when paired with the right advisory support.

Appendix B Small Business Landscape Data Sources

The quantitative analysis of Chicagoland's small business landscape draws primarily from publicly available data sources:

- **U.S. Census Bureau, County Business Patterns (2018–2023):** Establishment counts, employment, and payroll for employer businesses by NAICS code and Cook County geography.
- **U.S. Census Bureau, Nonemployer Statistics (2018–2023):** Receipt and firm count data for nonemployer businesses by NAICS code and Cook County geography.
- **U.S. Census Bureau, Annual Business Survey (2023):** Business owner demographic data (race, ethnicity, gender, veteran status). Reported at the Chicago MSA level.
- **U.S. Census Bureau, Business Formation Statistics (2023):** Business application and formation data including longitudinal projections.
- **U.S. Census Bureau, American Community Survey (2024):** Socioeconomic and demographic data for the Chicago MSA.
- **U.S. Census Bureau, Quarterly Workforce Indicator Explorer (2023):** Employee data by NAICS code and Cook County geography.

Key Limitation

The most recent consistently available data was 2023. Owner demographic data is collected at the MSA level and may not precisely reflect city of Chicago or suburban Cook County patterns in isolation.

Appendix C Business Support Landscape Data Sources

The quantitative and qualitative analysis of Chicagoland's small business support landscape draws primarily from publicly available data sources:

- **National Center for Charitable Statistics (NCCS) & Internal Revenue Service (IRS) business master data:** Non-profit BSO asset data
- **U.S. Census American Community Survey (2018–2023):** BSO location populations served data
- **Various organizational websites:** Programming and small business offering information



Capacity Building for Capacity Builders May 2026 Event;
photo courtesy of Loyola University of Chicago

Appendix D Capital Demand Methodology

The capital demand model applies two primary parameters—number of employees and industry—to the Chicagoland business population, using U.S. Census Bureau data and calibrated to the Federal Reserve Small Business Credit Survey. Non-employer demand is modeled separately and combined with employer establishment demand for total market sizing. The model estimates capital demanded, not capital that would be creditworthy. Even conservative adjustments to creditworthiness assumptions leave a structural gap of significant scale.

Geographic Scope:

The model covers the 8-county Chicagoland MSA as the primary study area for capital demand, encompassing Cook, DuPage, Kane, Kendall, Lake, McHenry, Will, and Grundy counties. For supply-side comparison, capital deployment data is drawn from the Chicago-Naperville-Schaumburg Metropolitan Statistical Area (MSA), which is the geographic unit used by FFIEC and SBA reporting and encompasses Cook, DuPage, DeKalb, Grundy, Kane, Kendall, McHenry, and Will counties.

Additional Data Sources: Beyond the Census Bureau inputs, the model draws on the following sources:

- FFIEC Community Reinvestment Act lending data (2018–2024): Bank and credit union small business loan volume and average loan size
- SBA 7(a) and 504 loan activity reports and FOIA data (2018–2024): Government-guaranteed lending flows
- Opportunity Finance Network FY2024 member data: CDFI deployment estimates
- Federal Reserve Bank of New York, Small Business Credit Survey (2025): Chicago-area application rates, approval rates, and financing gap estimates applied to demand calibration
- Nonemployer and employer establishment demand are modeled separately using distinct capital need assumptions by employee size band and industry, then combined for total market sizing

Appendix E **Survey Methodology**

The Chicagoland Reassessment SMB Survey was fielded March 27–April 24, 2026 and re-opened from June 3–June 18, 2026 via Alchemer, distributed through Steering Committee members, BSO partners, and ecosystem networks. A total of 193 responses were collected.

71 percent of respondents were in the city of Chicago; 29 percent in suburban Cook County. The sample skews toward minority-owned (69 percent) and women-owned (68 percent) businesses, reflecting the networks through which the survey was distributed. Survey findings should be interpreted as directional insights, not population-level estimates.

A companion Lender Survey was fielded in June 2026 to capture the perspective of traditional lenders alongside the CDFI interviews. Five responses were received from four institutions, spanning one community bank and three national banks active in Chicagoland. Because the sample is small, results are reported as counts of responding lenders and should be interpreted as directional, qualitative signal rather than statistically representative findings.

Appendix F **Stakeholder Organizations Interviewed**

- | | |
|---|---|
| <ul style="list-style-type: none">• Allies for Community Business (A4CB)• Chicago:Blend and SEED SPOT• City of Chicago Department of Business Affairs and Consumer Protection (BACP)• Cook County Bureau of Economic Development• Entrepreneurial Development and Leadership Institute (EDLI)• Founders First Capital Partners | <ul style="list-style-type: none">• Greater Chatham Initiative• mHUB• New Majority Capital (NMC)• Chicago:Blend• SEED SPOT• Additional ecosystem stakeholders (BSO directors, capital providers, and public sector officials—names withheld per confidentiality) |
|---|---|

Appendix G Key Definitions

Term	Definition Used in This Report
Small Business	For business landscape analysis, small business includes employer firms with fewer than 500 employees and all nonemployer firms. For capital demand and supply analysis, the upper revenue boundary extends to \$10 million, consistent with Federal Financial Institutions Examination Council (FFIEC) reporting parameters. Where data sources use different size thresholds—for example, the Federal Reserve Small Business Credit Survey uses firms with fewer than 500 employees, and SBA definitions vary by industry—this is noted in context. Throughout this report, “nonemployer firm” refers to businesses with no paid employees beyond the owner; “employer firm” refers to businesses with at least one paid employee in addition to the owner.
Chicagoland	City of Chicago and suburban Cook County. Capital demand/supply analysis extends to the Chicago-Naperville-Schaumburg MSA.
Business Support Organizations (BSOs)	Organizations that provide advising, technical assistance, training, networking, referrals, certification support, capital readiness, or other services to small businesses. Some stakeholders use entrepreneurship support organizations (ESOs), especially for organizations focused on startups, founders, incubators, accelerators, or entrepreneurial ecosystems. Because these categories often overlap, this report uses BSO as the broader term unless referring to a specific entrepreneurship-focused program or organization.
Black Indigenous and People of Color (BIPOC)	Refers to individuals or communities that identify as Black or African American, Hispanic or Latino, Asian, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Some Other Race, or Two or More Races, based on U.S. Census Bureau American Community Survey categories. Where possible, this report names specific racial and ethnic groups rather than using a broad umbrella term.
Missing Middle	Capital in the \$50,000 to \$250,000 loan range—too large for most microloan programs, too small or risky for conventional bank products.
BAGS Framework	Business Age and Growth Segmentation. Segments businesses by stage (Ideation, Emerging, Established/Growth, Succession and growth orientation (Nominal 0–5%, Marginal 6–10%, Managed 11–20%, Aggressive 20%+).
CDFI	Community Development Financial Institution. Mission-driven lender certified by the U.S. Treasury CDFI Fund providing capital to underserved markets.
CDFI Investment Areas	Census tracts meeting one or more of: poverty rate $\geq 20\%$, unemployment rate $\geq 1.5\times$ national average, or MFI $\leq 80\%$ of regional median.
Supply–Demand Gap	The difference between estimated total capital sought by small businesses and total capital deployed through institutional channels. Does not imply all unmet demand is creditworthy.

Accelerator	Structured, cohort-based programs that help businesses prepare to grow, scale, reach new customers, or enter specialized sectors. Programs typically run for a fixed, intensive period and combine education, mentorship, peer learning, industry expertise, and connections to talent or capital.
Incubator	Programs that help entrepreneurs refine early-stage ideas and develop a viable business model or product. Incubators often operate locally and provide resources such as physical workspace.

Appendix H

Research Sources

Primary Data Sources

- U.S. Census Bureau, County Business Patterns (2018–2023)
- U.S. Census Bureau, Nonemployer Statistics (2018–2023)
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- U.S. Census Bureau, Business Formation Statistics (2023)
- U.S. Census Bureau, American Community Survey (2024)
- FFIEC Community Reinvestment Act Data, Chicago-Naperville-Schaumburg MSA (2018–2024)
- U.S. SBA 7(a) and 504 Loan Activity Reports and FOIA Data (2018–2024)
- Federal Reserve Bank of New York, Small Business Credit Survey (2025)
- Opportunity Finance Network, FY2024 Member Data and Industry Reports
- Project Equity, Business Succession Planning Data (2024)

Literature and Secondary Sources

- Aeris, CDFI Performance Report (2025)
- Congressional Research Service, Community Development Financial Institutions (CDFIs): Overview and Selected Issues (2022)
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- U.S. Department of the Treasury CDFI Fund, Annual Report (2023)
- Next Street, 2018 Chicagoland Small Business Assessment
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Steering Committee: Representatives from over 20 ecosystem organizations across Chicagoland.

- Carla Agostinelli, World Business Chicago
- Kelly Evans, Chicago Urban League
- Nedra Sims Fears, Greater Chatham Initiative
- Earl Grandberry, The Fund for Equitable Business Growth*
- Laura Gutierrez, Builders Vision*
- Regina Heyward, Civic Committee
- Terrance Johnson, Greenwood Archer
- Erica Kuhlmann, Women's Business Development Center
- Channing R. N. Lenert, Polk Bros Foundation
- Phylcia Manley, JPMorganChase Foundation*
- Brad McConnell, Allies for Community Business
- Shannon McGhee, SEED SPOT
- Daryl Newell, PNC
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About Next Street

For more than 20 years, corporations, government agencies, and philanthropies have partnered with Next Street to strengthen the small businesses they rely on. We deliver end-to-end solutions—powered by data-driven strategy, proprietary technology, national networks, and implementation expertise—that help organizations support small businesses in their communities and suppliers across their value chains. By expanding access to capital, resources, and opportunities, we help our clients build stronger ecosystems, improve performance, and deliver measurable economic impact.

To date, Next Street has:

- Reached more than 4 million entrepreneurs through its programs and partners
- Helped redirect more than \$6 billion to businesses facing barriers to capital and support
- Built a national network of more than 1,000 small business service providers
- Worked with 34+ cities to develop small business ecosystem strategies and assessments

About Next Street Institute

The Next Street Institute develops research, data, and insights to help leaders strengthen small businesses and expand economic opportunity. We study the forces shaping America's small business economy, drawing on data, applied research, and more than two decades of work with entrepreneurs and the institutions that serve them. Our mission is to deepen understanding of the role small businesses play in the economy and advance practical solutions that strengthen businesses, communities, and markets.

You can find out more about Next Street and our research at www.nextstreet.com

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