



# SMALL BUSINESSES, BIG STAKES

The state of Wisconsin's small businesses



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The Wisconsin Policy Forum was created on January 1, 2018, by the merger of the Milwaukee-based Public Policy Forum and the Madison-based Wisconsin Taxpayers Alliance. Throughout their long histories, both organizations engaged in nonpartisan, independent research and civic education on fiscal and policy issues affecting state and local governments and school districts in Wisconsin. The Wisconsin Policy Forum is committed to those same activities and to that spirit of nonpartisanship.

## PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to help government officials, business and economic development leaders, philanthropic and civic organizations, and residents better understand the state of small businesses in Wisconsin's economy, including recent trends and challenges. We hope our findings will inform discussions about how best to support small business development and entrepreneurship in Wisconsin.

We would like to thank the Office of Business and Entrepreneurship at the Universities of Wisconsin for commissioning this study and the Wisconsin Economic Development Corporation for its financial support that helped make it possible. Report authors would also like to thank the staff of YourEconomy for sharing data used in this report and for patiently answering our questions.





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*The state of Wisconsin's small businesses*

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# INTRODUCTION

Small businesses play a vital role in local economies by driving job creation and growth, fostering innovation and entrepreneurship, meeting service demands, and contributing to local philanthropy and community identity. They operate across all industries, even if they are more concentrated in some, and because they are closely tied to labor markets and consumer demand, their health often reflects broader economic trends.

In this report, we examine the state of small businesses in Wisconsin and its metropolitan areas to understand their current characteristics, recent changes, and economic contributions, while also identifying strengths, weaknesses, and potential opportunities.

These key questions guide our analysis:

- How many small businesses are operating in Wisconsin and its metropolitan areas overall and by industry, how many people do they employ, and how have those numbers changed over time?
- What contributions do Wisconsin's small businesses make to the state's economy, particularly through payroll and sales?
- How do the characteristics and trends of Wisconsin's small businesses compare with those nationally, and how do they vary across metropolitan areas within the state?
- What challenges and opportunities do these data reveal for small businesses in Wisconsin, and what policy or program changes could be considered in response?

To help answer these questions, we analyzed data from both federal and private sector sources, including the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and [YourEconomy](#) (a national data series developed by the Universities of Wisconsin [Office of Business and Entrepreneurship](#)). We supplemented our findings with input from small business development experts from across the state.

For this report, small businesses are defined as private establishments with fewer than 500 employees, which is generally consistent with the definition used by the [U.S. Small Business Administration](#). In selected cases, we also provide detail for businesses with fewer than 100 and fewer than 10 employees.

We hope the insights from this analysis will assist policymakers, business and civic organizations, and other stakeholders in their efforts to strengthen existing small businesses and support entrepreneurship in Wisconsin.



# SMALL BUSINESSES IN WISCONSIN

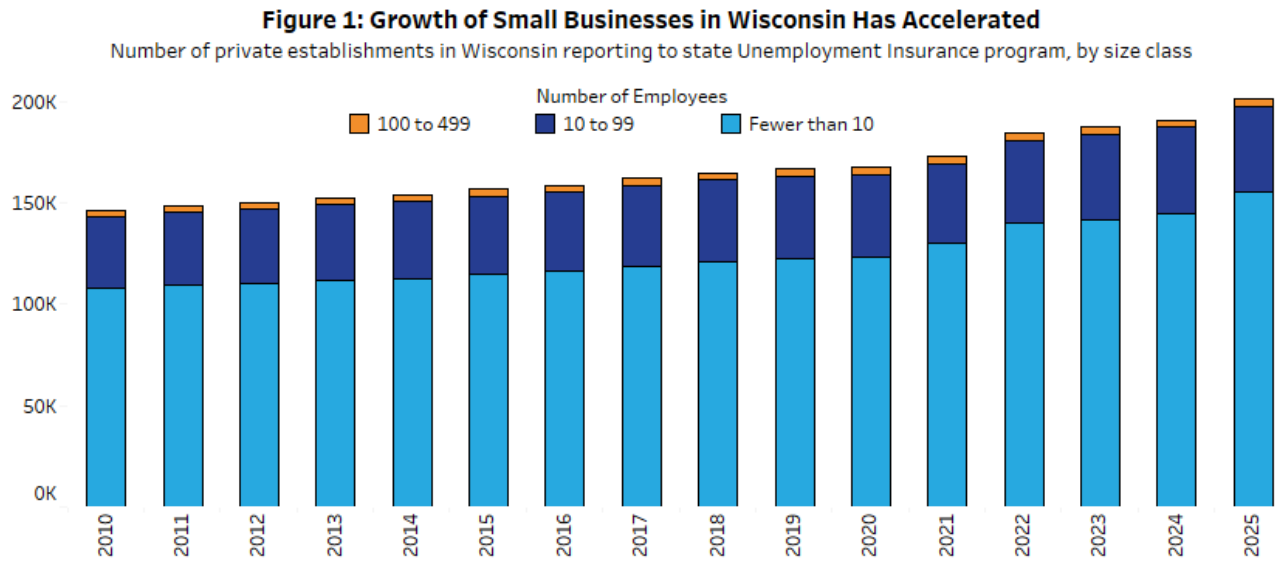
To understand the characteristics and contributions of Wisconsin’s small businesses, this section examines a range of indicators, including data on establishments, openings and closings, business survival, employment, payroll, sales, and industry concentrations. This analysis provides insight into not only the output of small businesses but also Wisconsin’s entrepreneurial activity and economic dynamism.

We begin by analyzing the number and size of private business establishments in Wisconsin using data from the U.S. Bureau of Labor Statistics, which is derived from state unemployment insurance systems.<sup>1</sup> We also examine the recent pace of business growth in the state and compare these indicators with national trends.

## Establishments

After a decade of slow but steady growth during the 2010s, the number of small businesses in Wisconsin has increased more rapidly since the onset of the COVID-19 pandemic, according to federal data. From 2020 to 2025, the number of private establishments with fewer than 500 employees increased by 20.2% to 201,093 (Figure 1), far outpacing the 6.9% increases recorded in both the 2010 to 2015 and 2015 to 2020

*From 2020 to 2025, the number of small business establishments in Wisconsin increased by 20.2%, far outpacing growth during the previous decade.*



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages  
Note: Figures are averages from the first three months of each year. Estimates for 2025 are preliminary.

<sup>1</sup> The U.S. Bureau of Labor Statistics data used in this report are drawn from its Quarterly Census of Employment and Wages. This dataset covers all businesses reporting to state unemployment insurance systems and is estimated to capture approximately 95% of all paid employees nationwide. The analysis uses first-quarter data for each year, which we accessed in December 2025. All 2025 figures are preliminary.



periods. It is important to note, however, that the faster growth since 2020 may also be influenced by existing establishments reporting to the state’s unemployment system for the first time during the pandemic, as many businesses closed or reduced their workforce.

Although the pace of business growth has varied from year to year between Wisconsin and the United States, their overall trends since 2010 have been nearly identical. Wisconsin had 37.3% more small business establishments in 2025 than 2010, compared with a 37.2% increase nationally.

In 2025, establishments with fewer than 10 employees (“micro-businesses”) accounted for more than three-quarters (77.3%) of Wisconsin’s total small business establishments. They have consistently accounted for at least 73% of those establishments since 2010 or earlier. This is similar nationally, though a slightly higher share of small businesses in the United States (80.7%) had fewer than 10 employees in 2025.

Micro-businesses have been a major driver of small business growth in Wisconsin in recent years, increasing by 35.3% between 2015 and 2025, compared with 10.4% growth for establishments with 10 to 99 employees and just 0.7% for those with 100 to 499 employees. This is not surprising, given that small businesses are easier to start and grow in their earlier stages and are more likely to introduce new products or play a disruptive role in the economy. Larger businesses, on the other hand, are more mature and may not have the same opportunities to add customers or products. Larger, more established businesses also often benefit from economies of scale, automation, and strong supply chain relationships that may allow them to grow sales without adding staff.

## Openings and Closings

Since 2021, Wisconsin and the United States have seen fewer small businesses open and close each year compared to annual averages during the previous decade, according to data from YourEconomy.<sup>2</sup> In general, however, more businesses have opened than closed, with the number of establishments that opened in the state exceeding the number that closed in 10 of the 15 years we examined, including in both 2023 and 2024. One notable difference between data from YourEconomy and the U.S. Bureau of Labor Statistics is that YourEconomy includes businesses that do not file unemployment insurance forms, which are not captured in the federal data.

In Wisconsin, economic disruptions at the onset of the COVID-19 pandemic contributed to a spike in establishment closures, which reached 20,512 in 2020 (Figure 2). By comparison, just 19,960 Wisconsin establishments closed in the subsequent four-year period, from 2021 to 2024.

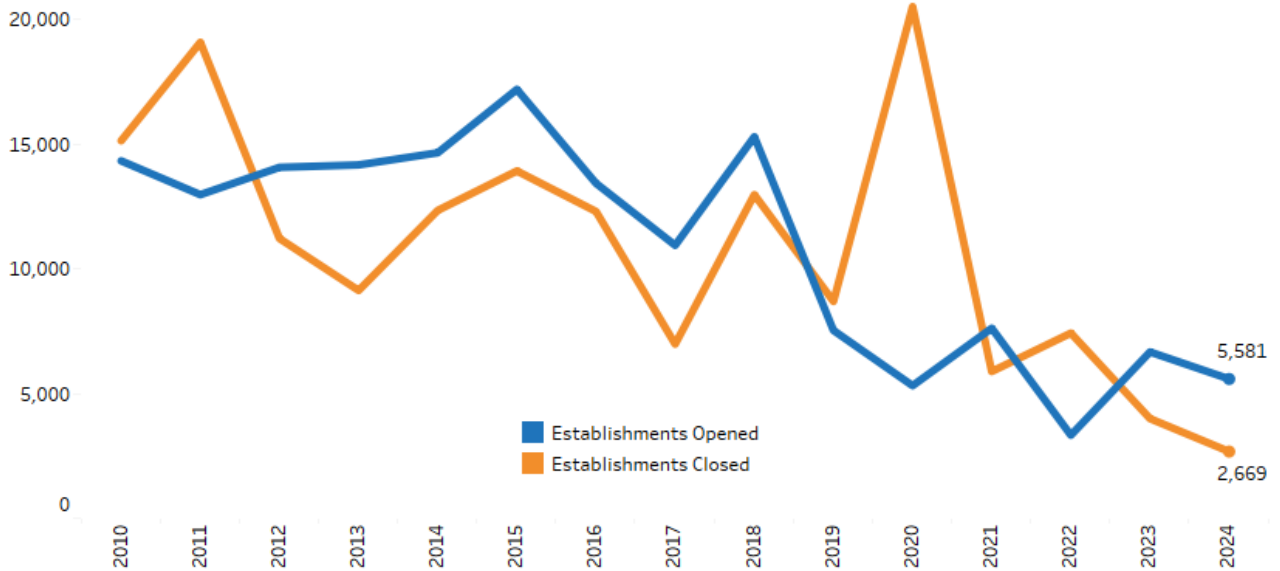
At the same time, just 23,187 small business establishments *opened* in the state from 2021 to 2024, compared with 39,078 in the previous four-year period (2017-2020) and 59,442 during the four years before that (2013-2016).

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<sup>2</sup> YourEconomy, housed within the Universities of Wisconsin Office of Business and Entrepreneurship, is a semiannual census of U.S. business establishments. For this report, YourEconomy provided 2010 to 2024 data on establishments with fewer than 500 employees in Wisconsin, its metropolitan areas, and the nation for comparison. “Public service” entities such as libraries, museums, and religious organizations were excluded, but establishments that are part of larger businesses or chains could not be removed.



**Figure 2: Fewer Small Businesses Are Opening and Closing Each Year than Prior to Pandemic**  
 Number of private establishments with fewer than 500 employees that opened or closed in Wisconsin, by year



Source: WPF analysis of YourEconomy data

The 2020 spike in business closures may have included some establishments that would have eventually failed even without the pandemic, but more slowly, leaving those that survived less vulnerable to closure in subsequent years. While some pandemic-era closures may have been inevitable, many businesses that survived did so by adapting operations and revenue models with the help of temporary federal or state relief funding, contributing to greater stability and lower churn in subsequent years.

The slower pace of business openings and closings since 2021 also likely has been influenced by economic headwinds from factors such as inflation, supply chain disruptions, and high interest rates, which make it harder to start a business by raising the cost and availability of capital.

## Small Business Survival

Wisconsin’s business survival indicators present a mixed picture, based on YourEconomy data for establishments that opened from 2013 to 2024.

The state has not performed particularly well in five-year business survival. As shown in Figure 3, Wisconsin’s five-year survival rate for small establishments has consistently trailed the national average for businesses opening since 2013.

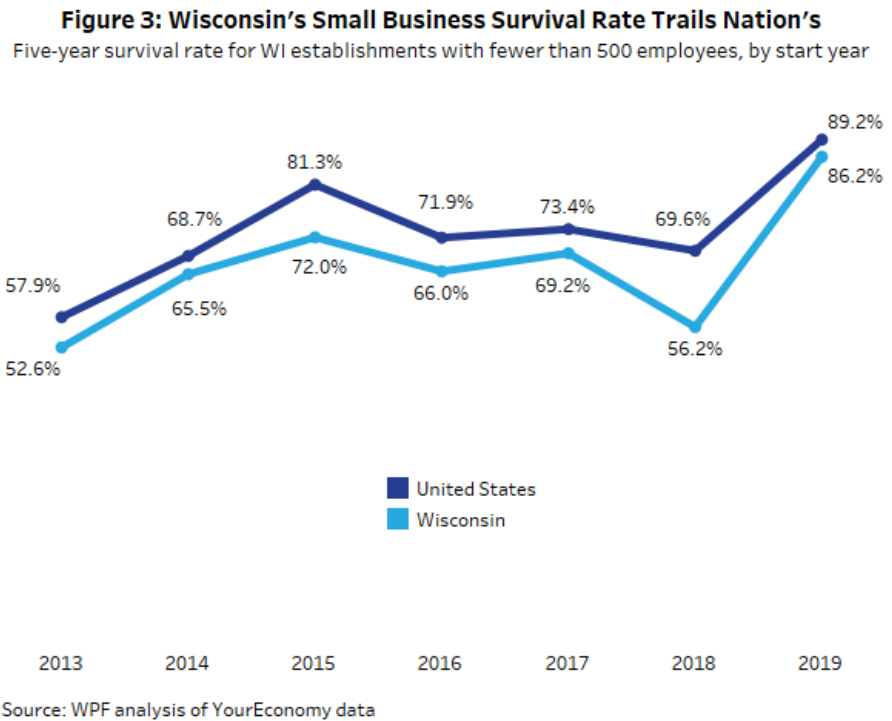
However, Wisconsin has performed better in 10-year business survival in recent years. According to YourEconomy data, the survival rates for establishments started in both 2013 and 2014 were higher in Wisconsin than nationally. Among businesses that opened in 2013, 38.2% in Wisconsin remained open in 2023, compared with 36.1% nationally. For those launched in 2014, 51.7% remained open in Wisconsin in 2024, versus 50.5% nationally. Likewise, a [national study](#) using federal data found



that Wisconsin had the second-best 10-year survival rate in the country among businesses that opened in 2012.

These trends likely reflect a variety of factors, including Wisconsin's industrial mix and its small business support ecosystem. The state has a relatively strong base in manufacturing and traditional "Main Street" businesses, which often face strong competition and high

upfront costs in the early years, but tend to be more durable once established. At the same time, the state's strong long-term survival rate may also be supported by its network of small business resources, which may not prevent early-stage failures but can help viable businesses stabilize and persist over the long run.



## Small Business Employment

A key contribution of small businesses to Wisconsin's economy is their disproportionate share of employment and job creation. Federal data show that total employment at these businesses exceeded 2.1 million in 2025.

Second-stage businesses with 10 to 99 employees play a particularly large role. Although they made up only 21% of Wisconsin's small businesses in 2025, they accounted for a majority (52%) of total small business employment in the state (see Figure 4). By contrast, the more numerous micro-businesses with fewer than 10 employees were responsible for just 17.3% of these jobs. This distribution was very similar nationally.

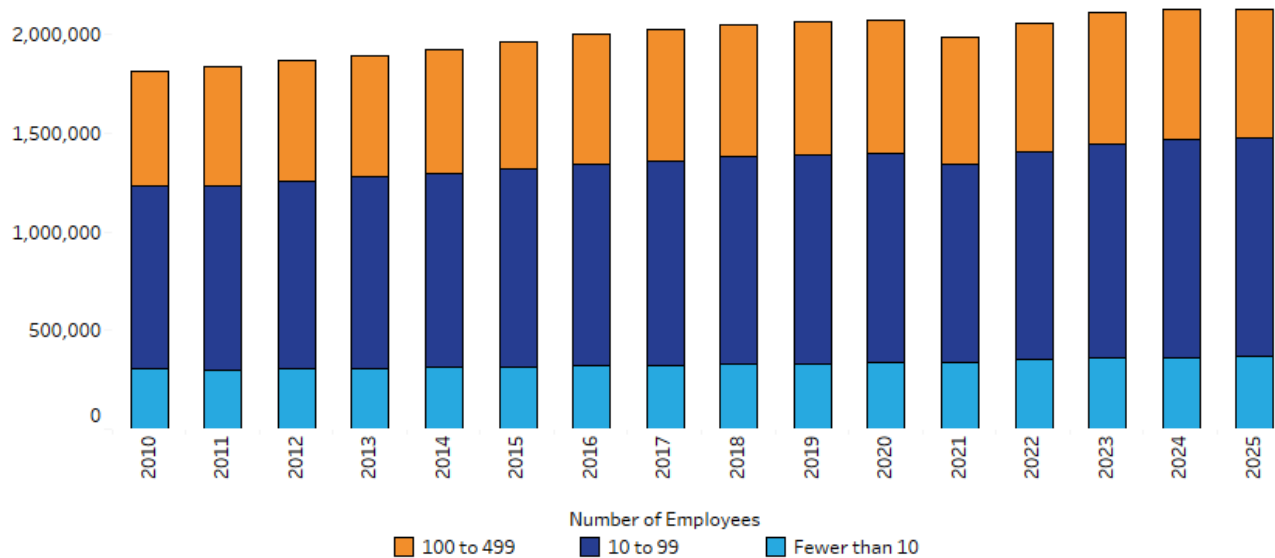
Perhaps most notably, small businesses accounted for the vast majority (approximately 95%) of Wisconsin's net job growth between 2010 and 2025. This was far higher than the national share, where small businesses accounted for 72% of net job gains during the same period. In other words, Wisconsin is particularly reliant on small businesses to drive job growth.

*Small businesses accounted for about 95% of Wisconsin's net job growth from 2010 to 2025. Nationally, they accounted for 72% of net job gains during the same period.*



**Figure 4: Jobs Most Concentrated in Establishments with Between 10 and 99 Employees**

Total employment of private establishments reporting to Wisconsin's Unemployment Insurance program, by size class



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Note: Figures are averages from the first three months of each year. Estimates for 2025 are preliminary.

Second-stage businesses with 10 to 99 employees have also been the biggest drivers of job growth. Since 2010, private establishments with fewer than 500 employees have added a net total of 321,239 jobs in Wisconsin, compared with total public and private sector employment growth of 337,808 statewide across all establishment sizes. Establishments with 10 to 99 employees contributed a majority (183,898 or 57%) of the net increase.

Small business employment has grown more slowly in Wisconsin than nationally. This is likely due in part to the state's limited supply of available workers, which is influenced by relatively slow population growth, an aging population, and a low unemployment rate. From 2010 to 2025, employment rose 17.8% in Wisconsin compared with 23.9% nationally. Wisconsin's population grew by 5.1% between 2010 and 2025, according to U.S. Census Bureau estimates, while the national population grew by 10.7%.

As Figure 5 shows, job growth was particularly weaker in Wisconsin for establishments with at least 100 employees. This suggests that there is sufficient entrepreneurial activity in Wisconsin, but also that business growth and scaling is weak or uneven.

Factors that may have contributed to this pattern include:

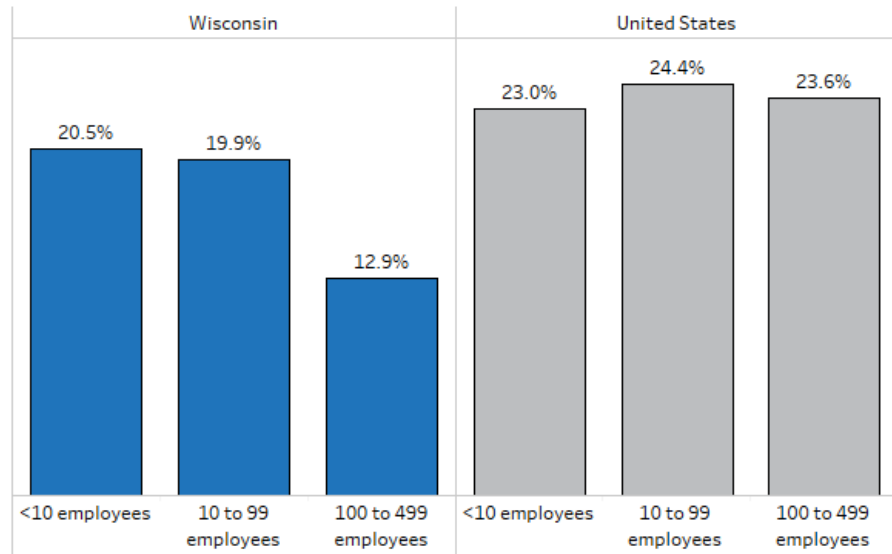
- Increased pandemic-era experimentation through contract work and side businesses
- Lower barriers to entry for some service-based businesses

*Wisconsin appears to have sufficient entrepreneurial activity, but small business growth in the state lags behind the national average, suggesting that scaling small firms is essential for job growth.*



- Continued caution about hiring or expanding due to labor shortages, rising business costs (wages, inflation, tariffs, etc.) and regulatory burdens that kick in or change at certain employment thresholds. For example, worker’s compensation insurance is required in Wisconsin when an employer has three or more employees. The Family and Medical

**Figure 5: Wisconsin Trails Nation in Small Business Job Growth**  
 % change in employment for private establishments by size class, 2010-2025



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages  
 Note: Figures are averages from the first three months of each year. Estimates for 2025 are preliminary.

Leave Act and Affordable Care Act apply to employers with 50 or more employees.

- “Capital readiness” gaps among business owners that make scaling risky or unattractive. A business owner demonstrates capital readiness through several key actions, including developing a clear and compelling business strategy, conducting financial cleanup and forecasting, organizing legal documents and ensuring regulatory compliance, and creating a messaging strategy that aligns with investor interests and expectations.

It also may reflect the maturity of the state’s large companies in industries like manufacturing. Those businesses may be adding fewer jobs as they adopt technologies that improve operations, often upskilling existing workers rather than creating new positions. This trend may also point to stable employment within the state’s mature businesses.

## Payroll and Wages

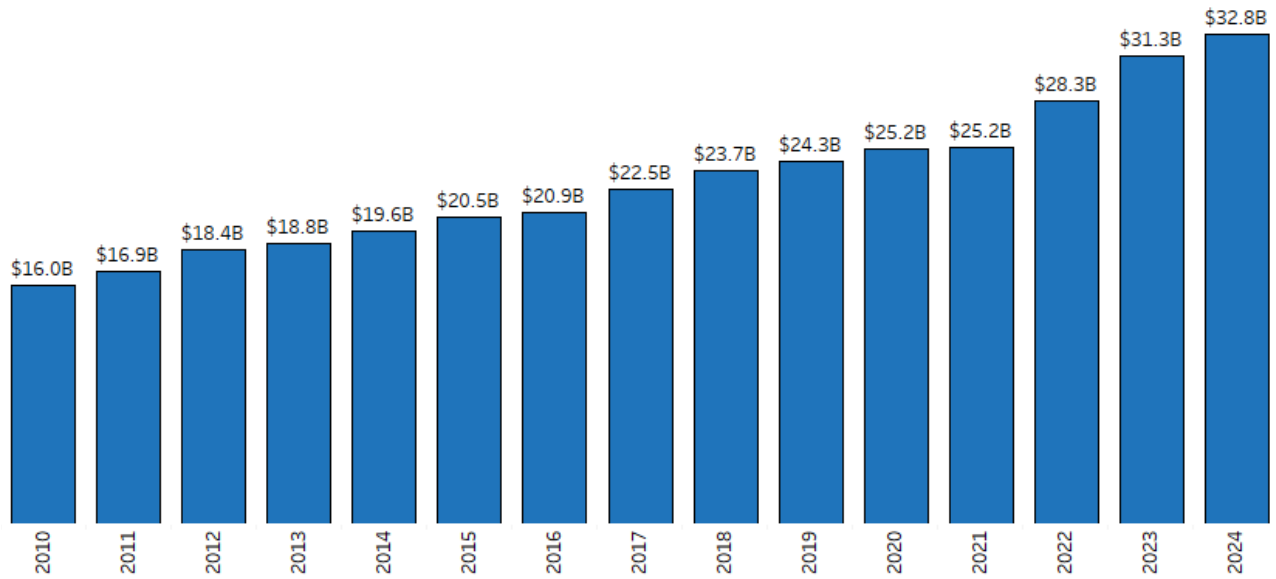
As small business employment has risen, payroll has grown even faster. In the first quarter of 2024, those employed by Wisconsin establishments with fewer than 500 employees earned a combined \$32.8 billion in wages, which was 79% of the total wages paid by all private sector employers that quarter. As Figure 6 shows, this was also 30.1% higher than just three years earlier in 2021. Payroll grew especially quickly in 2022 (12.3%) and 2023 (10.6%), a reflection of both the spike in inflation and increased competition for labor. While this benefited workers and their families during a period of rising costs, it increased pressure on small business margins and was a factor in many businesses raising prices.

*Approximately 79% of total wages paid to private-sector employees during the first quarter of 2024 were earned by employees of small business establishments.*



### Figure 6: Small Business Employee Earnings Have Grown Faster Since 2021

Total first-quarter wages of private establishments with <500 employees reporting to WI's Unemployment Insurance program

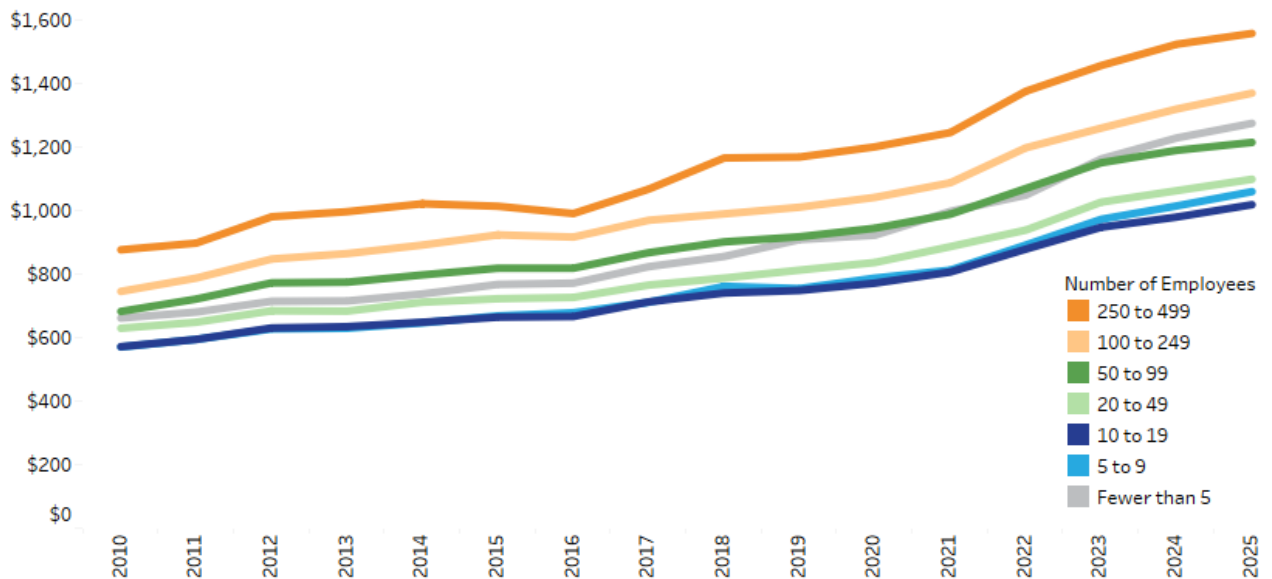


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Larger businesses tend to pay higher wages. While less than 2% of Wisconsin's small business establishments have between 100 and 499 employees, they have consistently paid higher average wages than those with fewer than 100 employees for many years, reflecting their more established nature and greater economies of scale. In the first quarter of 2025, average wages ranged from as high as \$1,557 per week for establishments with 250 to 499 employees to as low as \$1,018 per week for those with 10 to 19 employees (Figure 7). Assuming these figures remained constant throughout that year, annual wages would have averaged \$80,964 and \$52,936 for those two business size classes, respectively.

### Figure 7: Average Wages Highest at Larger Businesses

Average weekly wages for employees of private establishment reporting to WI's Unemployment Insurance program, by size class



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Note: Figures are averages from the first three months of each year. Estimates for 2025 are preliminary.



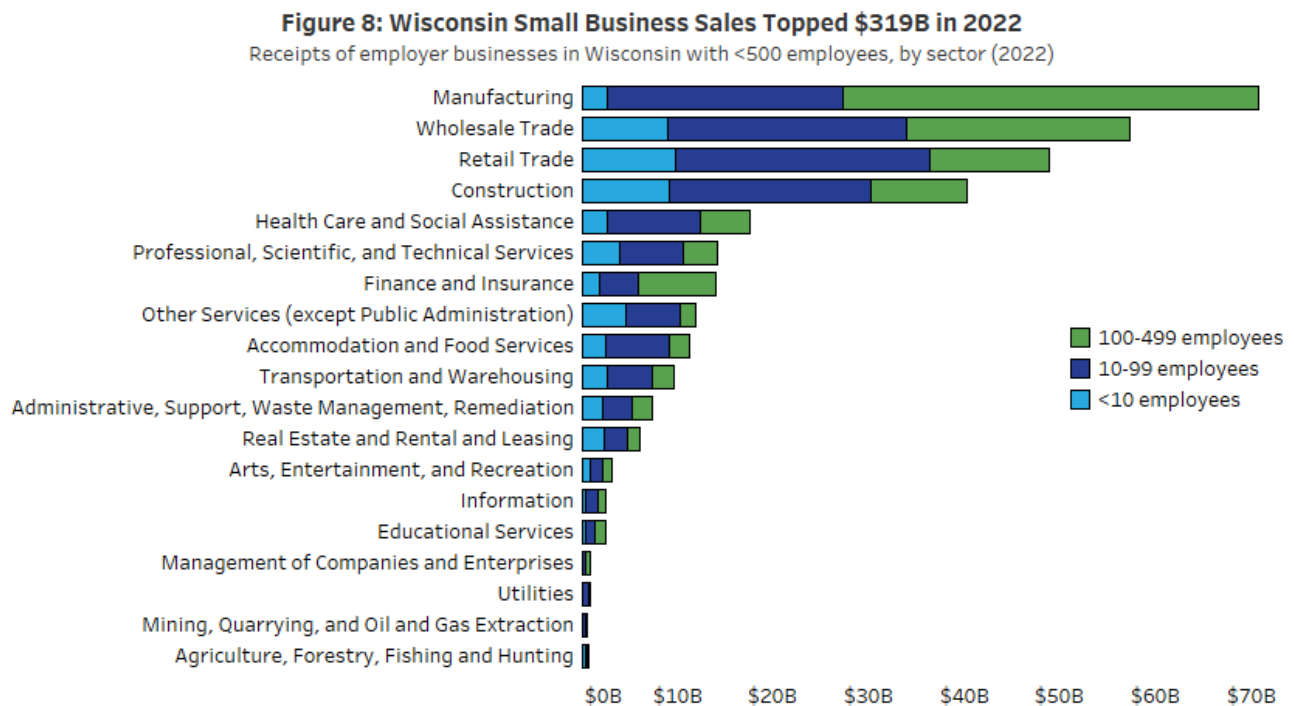
While smaller establishments tend to pay less, the smallest ones with fewer than five employees rank in the middle, with average weekly wages of \$1,274 in 2025. This may be because some small establishments employ only one or two people, including the managers or owners, each of whom has broader responsibilities and higher wages. Professional firms in fields like healthcare and finance may also pay higher wages due to specialized skills and lower staffing needs.

## Small Business Sales

Private establishments in Wisconsin with fewer than 500 employees reported total combined sales of over \$319 billion in 2022 – the most recent year for which U.S. Census Bureau data are available (Figure 8).<sup>3</sup> This represented more than one-third (35.4%) of total statewide receipts across businesses of all sizes.

Manufacturing led all sectors in sales in 2022, followed by wholesale and retail trade and construction. Those four sectors were responsible for roughly two-thirds (67.9%) of Wisconsin’s total small business sales that year. Across all sectors, establishments with fewer than 100 employees accounted for a majority (62.2%) of total sales. However, in several sectors – including manufacturing

*Wisconsin establishments with fewer than 500 employees accounted for over \$319 billion in sales in 2022 – more than a third of the state’s total sales across businesses of all sizes.*



Source: Census Bureau Statistics of U.S. Businesses

<sup>9</sup> Data on small business sales are drawn from the U.S. Census Bureau’s Statistics of U.S. Businesses. This annual series provides economic data on all establishments in the United States with paid employees, including sales receipts.



and finance and insurance – larger establishments with at least 100 employees accounted for a majority of sales.

## Small Business Activity by Industry

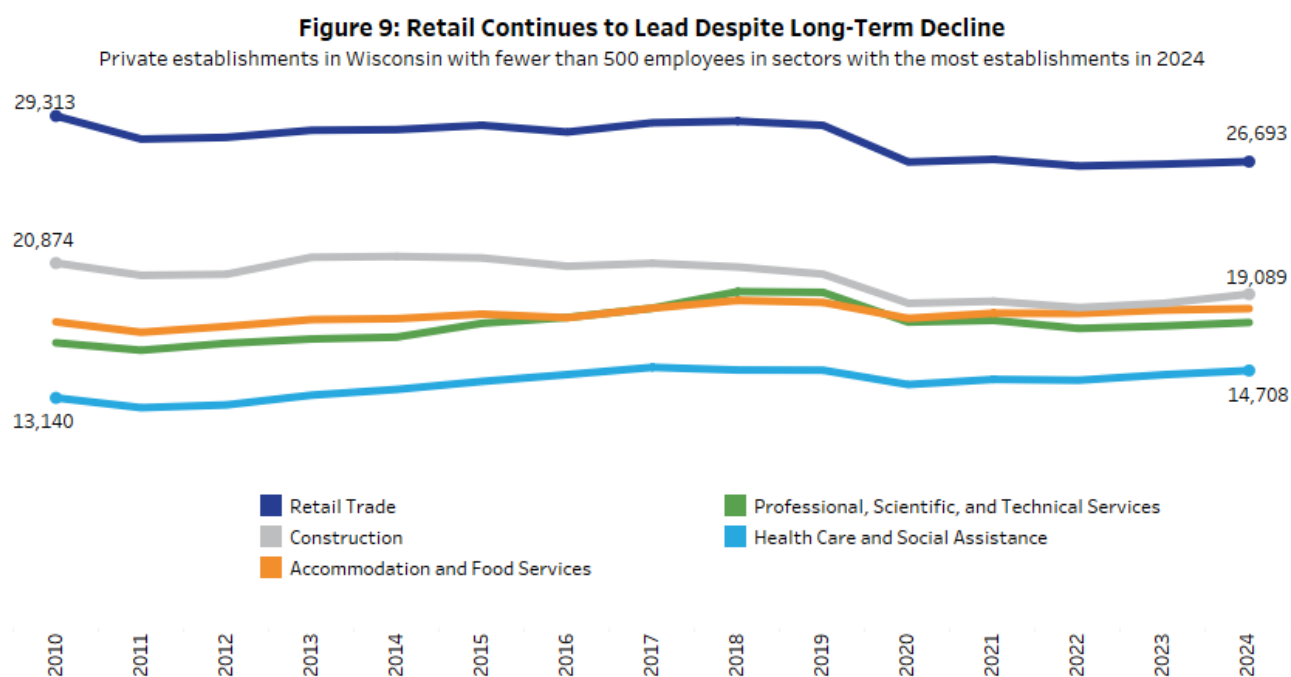
The retail trade sector has long had the largest number of small business establishments in Wisconsin, followed by construction. As shown in Figure 9, this has remained consistent over time, although both sectors have lost some establishments since 2010.

As of 2024, the construction; accommodation and food services; and professional, scientific, and technical services sectors had similar numbers of establishments. The latter includes accounting, advertising, architecture, engineering, legal services, and more.

Health care and social assistance, which ranked fifth in 2024, has experienced particularly strong growth. Since 2010, the state has added a net 1,568 establishments in this sector – more than any other – while professional, scientific, and technical services also grew by well over 1,000 establishments. Growth in the state’s health care sector likely reflects demographic and societal trends, including an aging population overall and increased demand for community-based services.

In contrast, retail and wholesale trade have seen the largest declines, likely reflecting the ongoing shift to e-commerce. Construction also has declined considerably, which is notable and perhaps somewhat surprising, given recent rising housing prices and the ongoing demand for housing. The construction industry has faced a number of challenges, however, including labor shortages and rising construction costs.

YourEconomy data also show a rise in establishments with unknown industry classification. In 2024, 9,446 establishments fell into this category, up from 3,828 in 2010. While these businesses



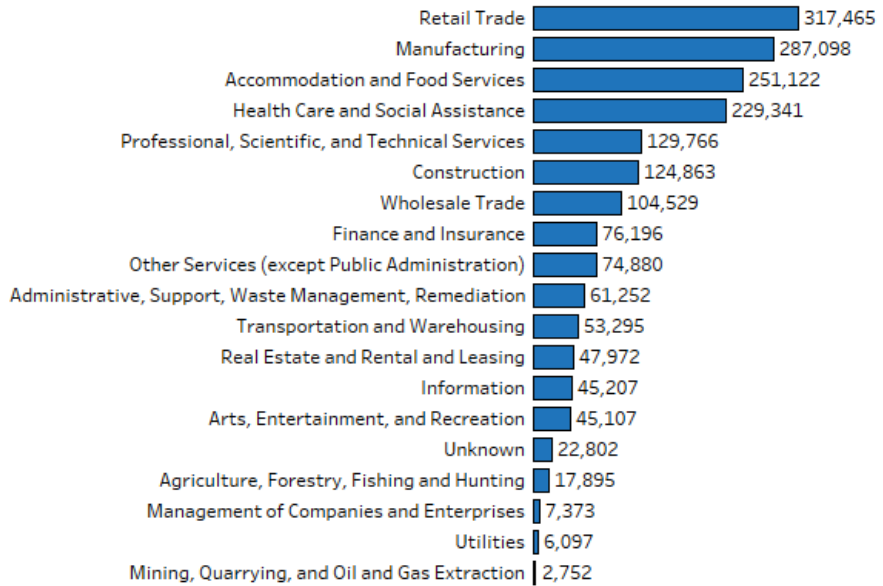
Source: WPF analysis of YourEconomy data



accounted for roughly 5% of all small business establishments in Wisconsin in 2024, they represented just 1.2% of associated jobs. Some of these businesses may not fit traditional industry classifications, such as gig-based, platform-enabled, consulting, and hybrid enterprises. YourEconomy also notes that newer businesses are often initially classified as being in an unknown sector, and as they become more established, are assigned an appropriate industry code. In other words, this doesn't necessarily indicate an increase.

**Figure 10: Employment Totals Highest in Retail, Manufacturing Sectors**

Employment by sector for establishments with <500 employees in Wisconsin, 2024



Source: WPF analysis of YourEconomy data

The retail trade sector also accounts for more jobs in Wisconsin than any other sector, though manufacturing; accommodation and food services; and health care and social assistance also provide large numbers of jobs (Figure 10). In 2024, those four sectors together accounted for a majority (57%) of the state's total small business jobs.

*From 2010 to 2024, small health care establishments added 38,640 jobs in Wisconsin, accounting for roughly two-thirds (65%) of the state's net growth across all sectors.*

Job trends further highlight growth in the state's health care and social assistance sector. From 2010 to 2024, small health care establishments added 38,640 jobs, accounting for roughly two-thirds (65%) of the net growth across all sectors (Figure 11). New establishments (clinics, home health services, behavioral health practices, specialized or outpatient care services, etc.) were responsible for nearly 70% of the health care jobs added during this period, with expansions of existing businesses accounting for the remaining 30%.

Meanwhile, wholesale and retail trade shed a combined 21,319 jobs. The finance and insurance and construction sectors have also experienced job losses, with the construction job cuts once again standing out.

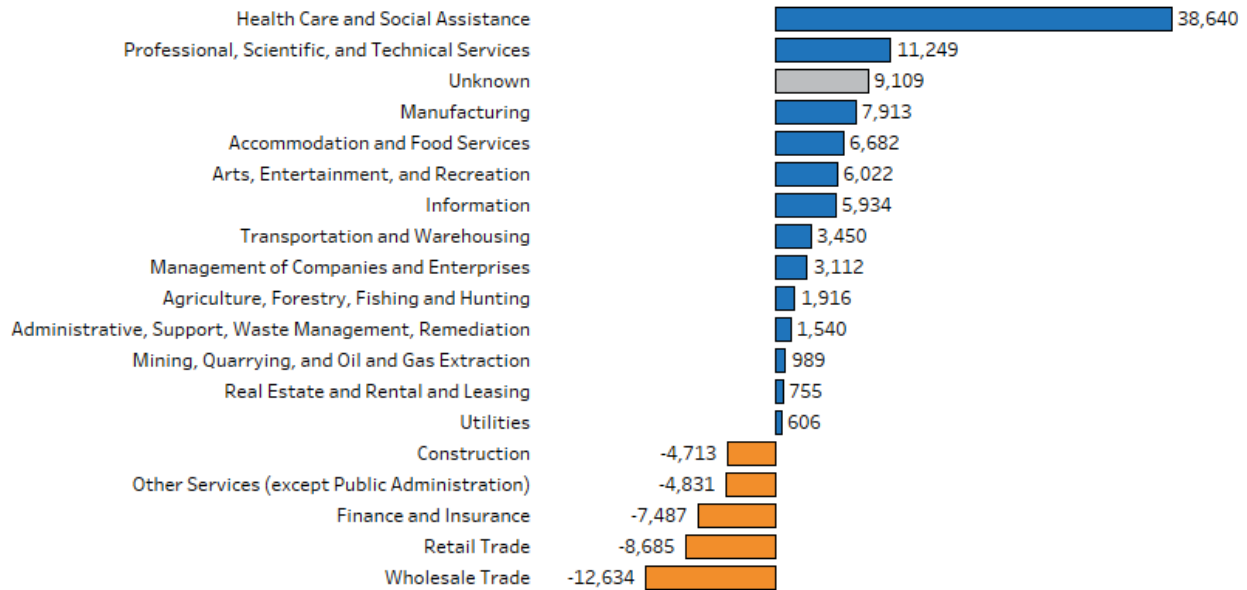
## Industry Concentrations

The industrial mix of Wisconsin's small businesses differs considerably from that of the broader United States.



**Figure 11: Health Care Expands, Wholesale and Retail Trade Contract**

Change in employment by sector for private establishments in Wisconsin with fewer than 500 employees, 2010-2024



Source: WPF analysis of YourEconomy data

Wisconsin has long been a manufacturing powerhouse, and the share of its small business employees working in manufacturing was 1.78 times higher than the national share in 2024 (Figure 12). This strength provides several benefits, as manufacturing jobs pay higher-than-average wages and boost state exports, bringing investments into Wisconsin from beyond its borders. One potential drawback, however, is that a high concentration of businesses and jobs in a single sector increases exposure to economic shifts.

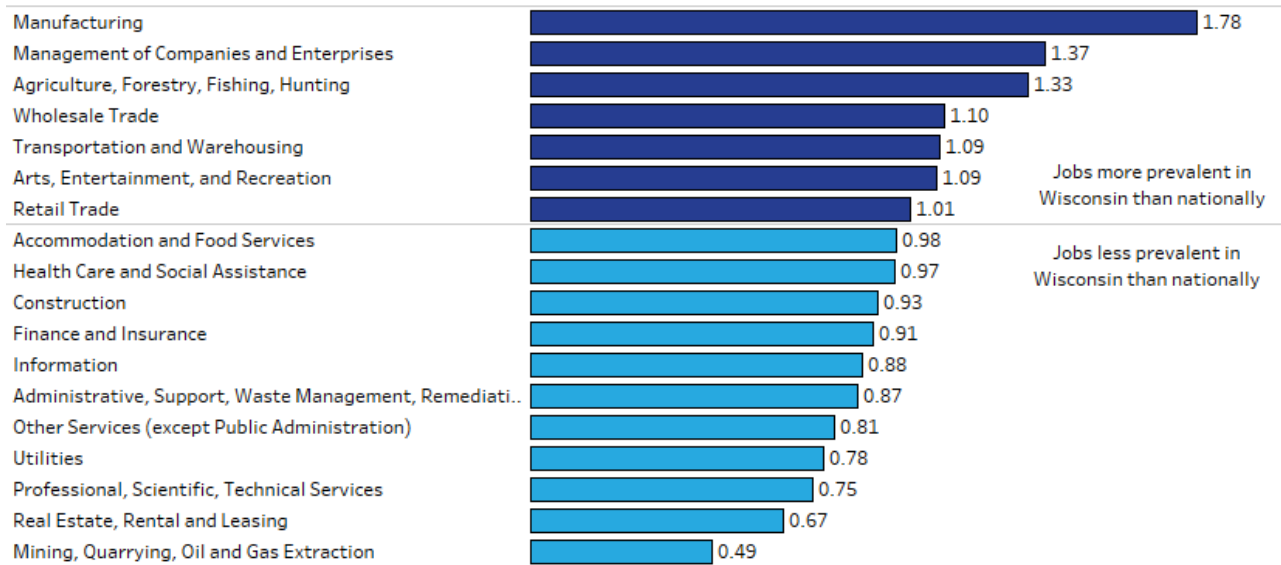
The state also outpaced the nation in its concentration of jobs in two much smaller sectors: management of companies and enterprises; and agriculture, forestry, fishing, and hunting.

Conversely, Wisconsin lags the nation in the concentration of small business jobs in several other sectors, including some with higher wages. For example, despite recent growth, Wisconsin had a relatively low concentration of jobs in professional, scientific, and technical services in 2024 – a sector with average annual pay of over \$98,000. Although nearly 130,000 Wisconsinites were employed in that sector, this represented only 75% of the number that would be expected if the state mirrored the national distribution. Wisconsin also trails the nation in the information sector, which includes publishing, telecommunications, and data processing, and pays annual average wages above \$112,000.

The state's underperformance in these high-wage sectors warrants further investigation to identify contributing factors and to determine whether targeted interventions may be needed.



**Figure 12: Wisconsin Still Excels in Manufacturing; Trails in Other Areas Including Professional Services**  
 2024 employment concentrations in small business establishments in Wisconsin relative to the United States, by sector



Source: WPF analysis of YourEconomy data

Note: A concentration of 1.00 means a sector's share of total employment in Wisconsin matches its share of total employment nationally.

## Summary

Our analysis of statewide and national small business data yields several key findings:

**Strong post-pandemic increase in micro businesses:** Federal data show Wisconsin added far more small establishments between 2020 and 2025 than during the previous 10 years. This was largely driven by micro-businesses with fewer than 10 employees, which signals robust entrepreneurial activity, though it is important to note that some of this growth may reflect existing businesses being captured in federal data for the first time due to pandemic-related unemployment filings.

**Small businesses powering job creation, but lagging national pace:** Establishments with fewer than 500 employees generated 95% of Wisconsin's net job growth from 2010 to 2025, compared with 72% nationally. This indicates that Wisconsin is particularly dependent on small businesses to power growth. However, the pace of job growth in the state trailed the nation, in part due to slower population gains. Wisconsin lagged the nation in job growth among businesses with at least 10 employees, which have accounted for more than four of every five small business jobs added in the state since 2010, highlighting the importance of helping small firms scale in order to drive job growth.

**Rising payroll and other cost pressures:** Small business payroll surged 30.1% in Wisconsin from 2021 to 2024, boosting incomes during a period of accelerated inflation but squeezing business margins. Inflation and tariffs have raised business costs as well, while tariffs have increased uncertainty among many small business owners.



**Shifting industrial makeup:** Health care is driving growth for small businesses, while retail and wholesale trade have declined. Wisconsin's small business economy remains heavily dependent on manufacturing but underrepresented in some other higher-wage sectors such as professional, scientific, and technical services. It has also seen retrenchment in construction despite an apparent need for firms in that sector, which is likely influenced by rising construction costs and labor shortages.

**Mixed business dynamism:** The pace of small business openings and closings has slowed in Wisconsin and nationally since 2020, with reduced openings potentially reflecting barriers to entry, risk aversion among entrepreneurs, or market saturation. Meanwhile, Wisconsin trails the nation in five-year business survival but slightly exceeds it in 10-year survival. This suggests not a lack of viable businesses, but a challenging early operating environment that filters firms more aggressively in their initial years. Businesses face significant early hurdles such as capital readiness, customer acquisition, workforce constraints, and regulatory learning curves. Those that adapt successfully tend to stabilize and persist at higher rates than the national average.



# METRO AREA COMPARISONS

A large share of economic activity and employment is concentrated in metropolitan areas. They are also the scale at which policymaking on many relevant issues such as workforce development, housing, and transportation often takes place. To understand regional economic trends and variations across Wisconsin, we examined YourEconomy data for 15 metropolitan areas that are fully or partially in the state. In analyzing the four metropolitan areas that cross state boundaries, we isolated the establishments and employees located in Wisconsin.

## Establishments

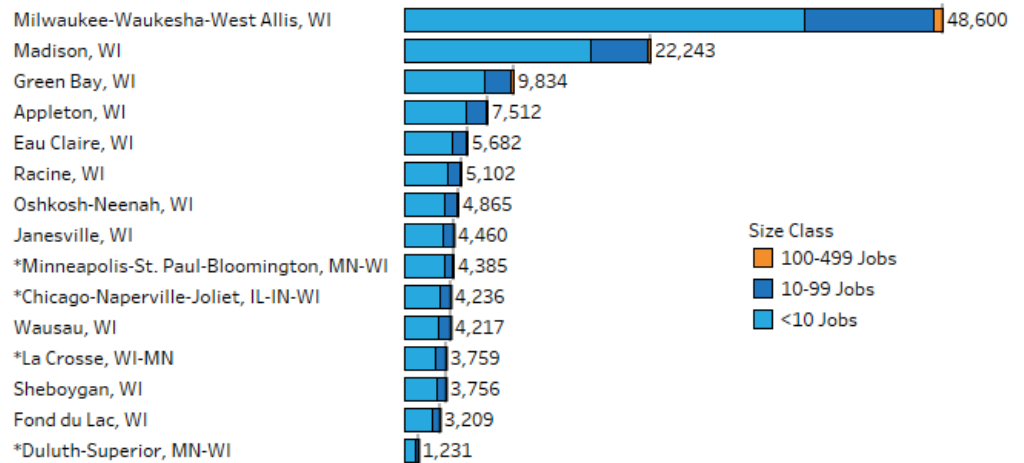
The state’s two most populous metropolitan areas, Milwaukee and Madison, had a combined 70,843 small business establishments in operation in 2024, accounting for over half of the total across the 15 metropolitan areas statewide (Figure 13).

The Eau Claire and Madison areas had the highest concentrations of small businesses per capita that year (Figure 14). This could be influenced by university-driven entrepreneurship, the stability provided by government employers, strong business support infrastructure, diversified economies, and their status as regional hubs.

The lowest concentrations were in the Racine area

**Figure 13: Milwaukee and Madison Areas Have As Many Small Businesses As All Other Metros Combined**

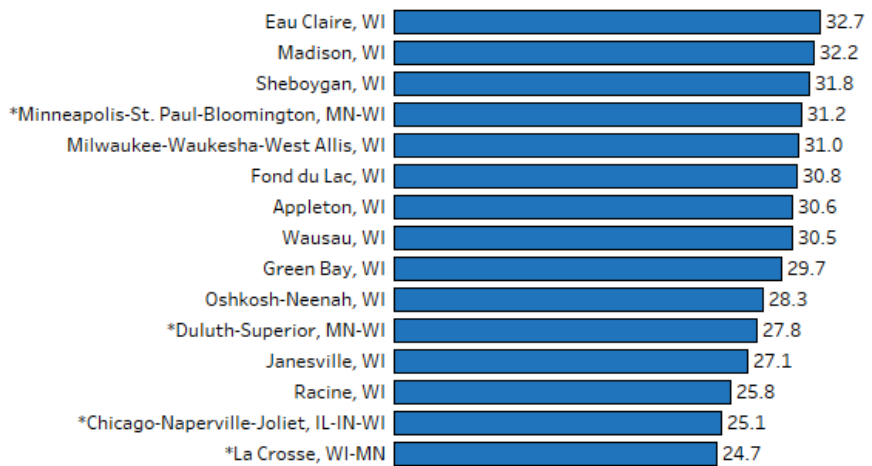
Establishments in Wisconsin with fewer than 500 employees, by metro area (2024)



Source: WPF analysis of YourEconomy data. \*Note: Figures only include establishments located in Wisconsin

**Figure 14: Eau Claire Leads, La Crosse Trails on Small Businesses Per Capita**

Establishments with fewer than 500 employees per 1,000 residents, by metro area (2024)



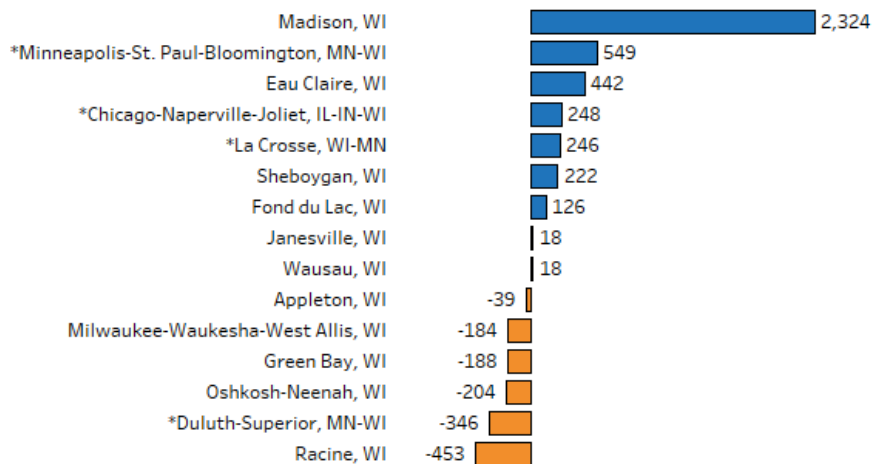
Source: WPF analysis of YourEconomy data and U.S. Census Bureau ACS 5-year estimates  
\*Note: Figures only include establishments and residents in Wisconsin



and the Wisconsin portions of the La Crosse (La Crosse and Vernon counties) and Chicago (Kenosha County) areas. The Racine and Kenosha areas may trail on this metric because they are located between Milwaukee and Chicago, with many residents commuting out to jobs in those areas, thus reducing local demand. The ratios for Chicago and La Crosse may also be lower because the Wisconsin portions of those areas are also served by some businesses located in neighboring states.

**Figure 15: Madison Area Growth Outpaces All Other Metro Areas Combined**

Change in number of establishments with under 500 employees by metro area, 2010-2024



Source: WPF analysis of YourEconomy data

\*Note: Figures only include establishments located in Wisconsin

The Madison metropolitan area has experienced the strongest growth in the state in recent years. From 2010 to 2024, the Madison area added a net total of 2,324 small business establishments (Figure 15), which far exceeded the combined total of the other 14 metropolitan areas combined (455). The Madison area also added 134,086 residents to its population during that period – modestly less than the 153,417 added across the 14 other metropolitan areas combined.

## Small Business Jobs

Job gains have been more widespread across the state, while generally following similar trends. For example, small business establishments in the Madison area added the most net employees (24,310) among Wisconsin’s 15 metropolitan areas from 2010 to 2024, though strong gains were also seen in other areas, including Green Bay and Milwaukee (see Figure 16). Jobs grew at the fastest rates during this period in the Madison area (11.7%) and the Wisconsin portions of the Minneapolis (12.3%) and Chicago area (10.8%). Conversely, the Duluth-Superior, Oshkosh, and Racine areas have all experienced small business job declines.

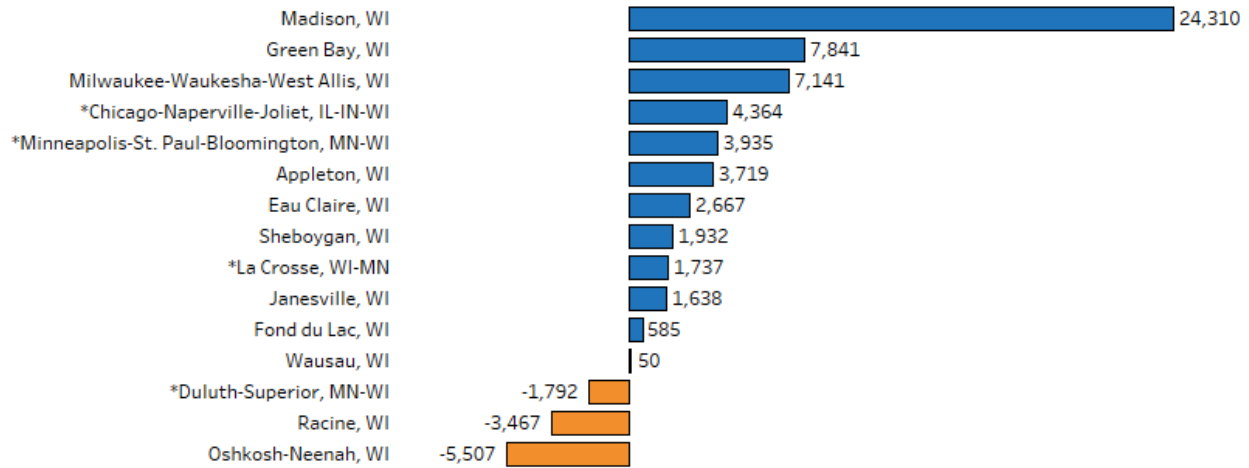
**Milwaukee.** The health care and social assistance sector has expanded rapidly in Wisconsin’s largest metropolitan area, adding 11,617 net small business jobs between 2010 and 2024 (Figure 17). Outside of that sector, total net jobs in the Milwaukee area actually declined. Other notable shifts include increases of more than 2,100 net jobs in both the arts, entertainment, and recreation sector and professional, scientific and technical services sector, and solid growth in manufacturing.

The Milwaukee area has experienced considerable small business job losses in retail and wholesale trade and, more concerningly, in finance and insurance. The latter may be influenced by a national shift from many small, local financial firms to fewer, larger, and more centralized corporations.



**Figure 16: Small Business Jobs Have Grown in Most Metro Areas, with Few Exceptions**

Change in employment for establishments with fewer than 500 employees, by metro area (2010-2024)

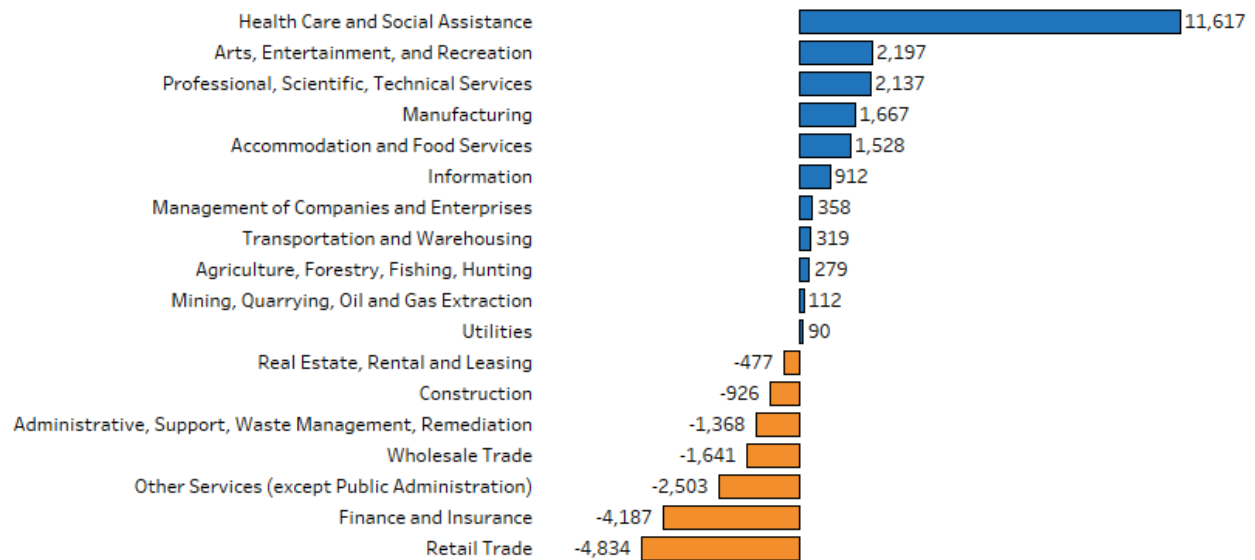


Source: WPF analysis of YourEconomy data

\*Note: Figures only include employees of establishments located in Wisconsin

**Figure 17: Health Care Has Surged while Retail, Finance, and Insurance Have Declined in Milwaukee Area**

Change in employment by sector for establishments with <500 employees in metro Milwaukee, 2010-2024



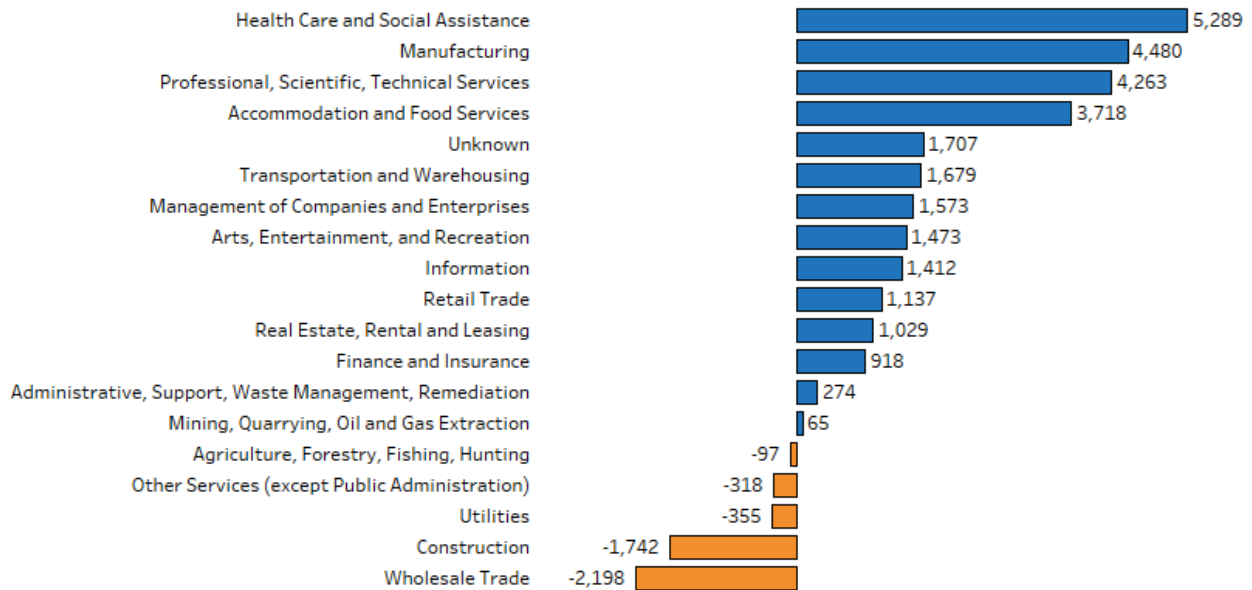
Source: WPF analysis of YourEconomy data

**Madison.** The Madison metropolitan area’s strong population growth has supported broad employment increases across most sectors. As in the Milwaukee area, the health care and social assistance sector added the most net small business jobs in the Madison area between 2010 and 2024, but as Figure 18 shows, the manufacturing and professional, scientific, and technical services sectors were not far behind. The Madison area only experienced considerable job losses in the wholesale trade and construction sectors. The losses in the wholesale trade sector likely reflect the rise in e-commerce, increased consolidation in that sector, and reduced need for small, local



**Figure 18: Small Business Employment Has Grown Across Many Sectors in Madison Area**

Change in employment by sector for establishments with <500 employees in Madison metro area, 2010-2024



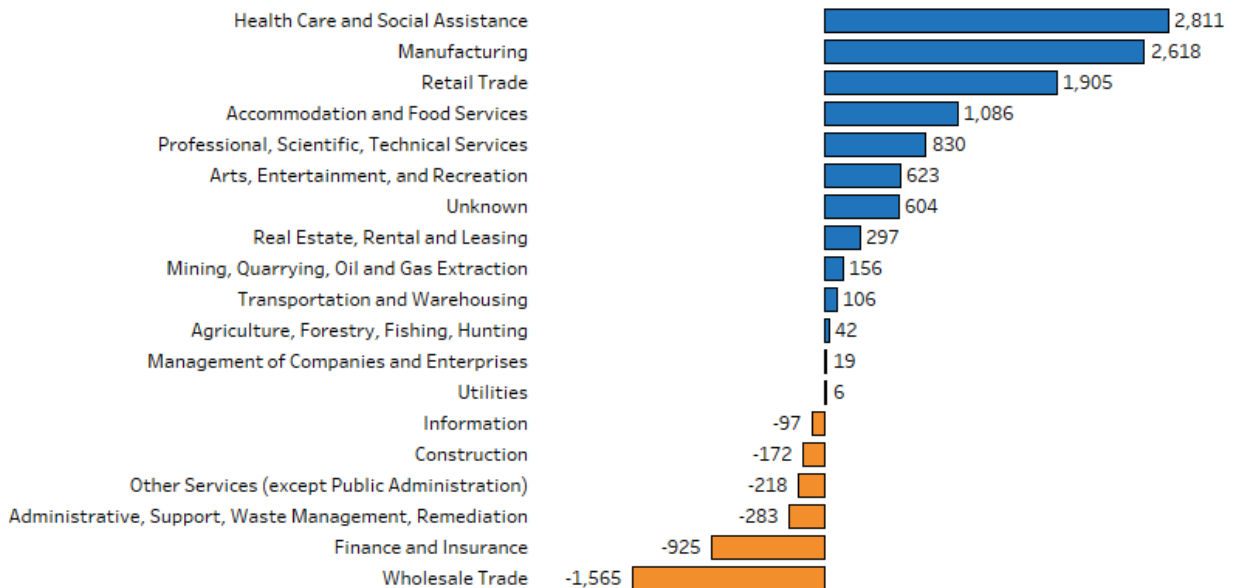
Source: WPF analysis of YourEconomy data

intermediaries, while as previously noted, the construction sector has been constrained by labor shortages and rising construction costs.

**Green Bay.** The health care sector has added the most small business jobs in the Green Bay area as well, with manufacturing close behind (Figure 19). The retail sector also has grown, adding more net jobs than in the Madison area, which may reflect regional shopping patterns or the presence of

**Figure 19: Health Care, Manufacturing, and Retail Jobs Have Grown in Green Bay Area**

Change in employment by sector for establishments with <500 employees in Green Bay metro area, 2010-2024



Source: WPF analysis of YourEconomy data



destination retail establishments. As in Madison, job losses in the Green Bay area were most concentrated in the wholesale trade sector, while declines in finance and insurance paralleled those in the Milwaukee area.

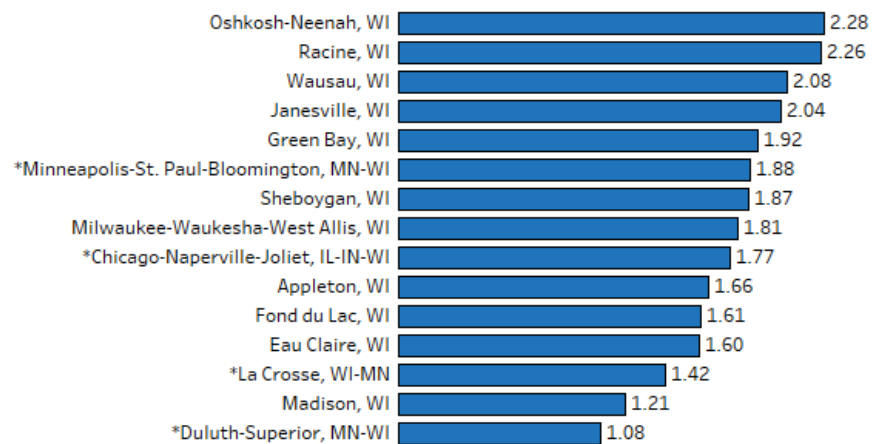
## Industry Concentrations

Another way to isolate economic similarities and differences across Wisconsin’s metropolitan areas is to compare the concentration of small business jobs by sector with national averages. For example, although

Wisconsin has a much higher concentration of employment in the manufacturing sector than the United States as a whole, regional concentrations vary considerably. Notably, every metropolitan area fully or partially in Wisconsin had a higher concentration of small business jobs in manufacturing than the nation as of 2024 (Figure 20; however, the degree of concentration varied widely, from at least twice the national average in the Oshkosh-Neenah, Racine, Wausau, and Janesville areas to only modestly above average in the Madison and Duluth-Superior areas.

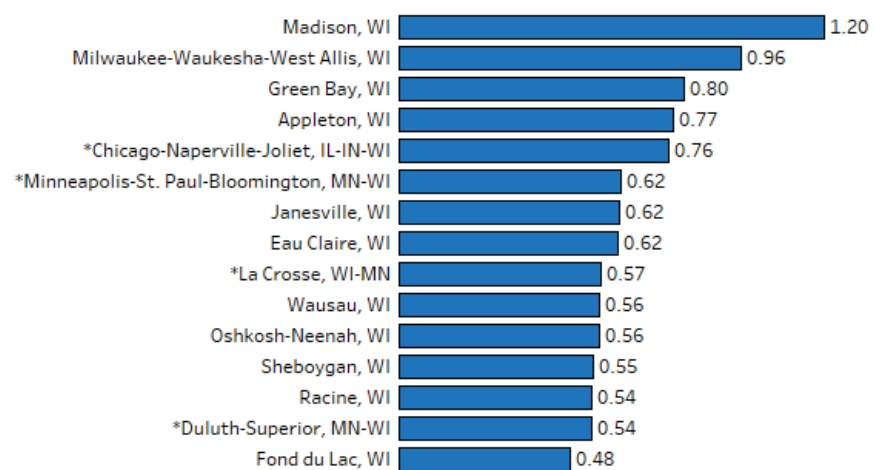
Meanwhile, Madison and Milwaukee were the only two metropolitan areas in Wisconsin where small business job concentrations in the professional, scientific,

**Figure 20 Manufacturing More Concentrated Across WI than U.S. Average**  
Concentration of manufacturing jobs in WI metro areas relative to the United States, 2024



Source: WPF analysis of YourEconomy data  
\*Figures only include employees of establishments located in Wisconsin  
Note: A concentration of 1.00 means a sector’s share of total small business employment in the metro area matches its share of total small business employment nationally.

**Figure 21: Professional Services Jobs in Smaller Metros Trail National Avg.**  
Concentration of professional, scientific, & technical jobs relative to the United States, 2024



Source: WPF analysis of YourEconomy data  
\*Figures only include employees of establishments located in Wisconsin  
Note: A concentration of 1.00 means a sector’s share of total small business employment in the metro area matches its share of total small business employment nationally.



and technical services sector were roughly at or above the U.S. average (Figure 21). In 2024, the concentrations in several other areas – including Fond du Lac, Duluth-Superior, Racine, and Sheboygan – were only about half the national average.

Detailed breakdowns for additional sectors, including arts, entertainment, and recreation; construction; health care and social assistance; and retail trade, can be found in the **Appendix**.

## Summary

Major takeaways from our analysis of small business activity in Wisconsin’s metropolitan areas include:

**Madison leads growth, while several other areas have declined:** Fueled by strong population gains, the Madison area has added far more small business establishments and jobs than any other metropolitan area in the state since 2010. Meanwhile, the Oshkosh-Neenah and Racine areas have experienced business and job losses.

**Milwaukee and Madison anchor the state’s economic activity:** Wisconsin’s two largest urban centers accounted for over half of the small business establishments across 15 metropolitan areas statewide.

**Key sectors drive job shifts:** Stemming in part from demographic changes, including a growing aging population, the health care and social assistance sector has been responsible for the largest net job increases in all three of Wisconsin’s largest metropolitan areas since 2010. Conversely, the retail trade, wholesale trade, and finance and insurance sectors declined in several areas of the state, influenced by national trends toward online shopping, reduced need for intermediaries, and consolidations.

**Manufacturing remains strong:** Every metropolitan area in Wisconsin exceeded the national average in manufacturing jobs as of 2024, though their concentrations varied widely.



# OBSERVATIONS AND CONCLUSION

Our analysis shows that small businesses account for a substantial share of total jobs and business activity across Wisconsin. Private sector establishments with fewer than 500 employees generate more than one-third of statewide business sales and have been responsible for nearly all net job growth in the state since 2010, underscoring Wisconsin's greater reliance on small businesses for employment growth relative to the nation as a whole. We also find that the number of small businesses in Wisconsin has expanded relatively quickly in the post-pandemic period.

While the increase in businesses signals entrepreneurial strength, growth has not been consistent across establishment sizes or industries. Micro-businesses with fewer than 10 employees have grown rapidly in number, but establishments with 100 or more employees have expanded more slowly. This difference suggests that Wisconsin entrepreneurs are succeeding in starting businesses but often face difficulties scaling them into larger, more sustainable enterprises. Our [previous research](#) and consultation with business development experts indicate that access to capital, gaps in financial literacy, and insufficient capital readiness are significant growth barriers for many Wisconsin business owners.

Job trends reinforce this mixed picture. Small businesses continue to be the primary source of net job creation in Wisconsin, but job growth has lagged behind national rates, reflecting both slower population growth and weaker expansion of larger establishments. At the same time, wage and payroll growth has been strong, particularly in the 2021 to 2023 period of high inflation, highlighting both rising wages and increasing cost pressures for businesses. These dynamics point to a labor market that has tightened and become more expensive for business owners and entrepreneurs.

Business survival data further illustrate the challenges facing entrepreneurs. While Wisconsin performs slightly better than the nation in longer-term (10-year) business survival, it lags in five-year survival rates, suggesting that early-stage business stability remains a concern. Combined with slower job growth in Wisconsin and weaker expansion among larger establishments, this points to constraints in scaling businesses and sustaining long-term growth.

Industry patterns reveal both advantages and vulnerabilities. Wisconsin's strength in manufacturing remains a defining economic asset, supporting relatively high wages and export-oriented activity. However, this also creates exposure to sector-specific turbulence. Meanwhile, faster growth in health care reflects demographic changes and rising service demand, while long-term declines in retail and wholesale trade are driven in part by the ongoing shift to e-commerce and other changing consumer behaviors. It is also important to note that the state's below-average job concentrations in higher-wage, knowledge-intensive sectors – such as professional, scientific, and technical services, and information – suggest room for diversification.

Geographic variation adds another layer of complexity. The state's two largest metropolitan areas, Milwaukee and Madison, serve as the primary engines of business formation and employment, while other regions show more mixed or declining trends. Madison stands out in particular for its rapid growth and diversified employment base, while Milwaukee has experienced strong growth in health care but declines in several other areas, including retail and wholesale trade, and finance and



insurance. Several smaller metro areas in Wisconsin remain heavily reliant on manufacturing, which represents both a strength and a potential risk given the large concentration of these businesses.

These findings suggest several priorities for policymakers, economic development entities, and business support organizations:

- **Improving access to capital and strengthening [capital readiness](#)**, particularly for newer establishments and those seeking to expand, could help more businesses move beyond the micro stage and improve survival rates. Given that second-stage businesses with 10 to 99 employees are responsible for a majority of the small business jobs in Wisconsin – and that Wisconsin has especially lagged the nation in job growth among more mature businesses with 100 to 499 employees – targeted support to help small businesses grow into these larger size classes may hold particular promise.

National [research](#), including [analysis](#) by the U.S. Small Business Administration, suggest that sustained, high quality technical assistance positively impacts business and job growth and business survival. Relevant examples of technical assistance could include training in financial modeling or human resource planning.

Meanwhile, our [research](#) on Milwaukee’s small business support “ecosystem” found that demand for one-on-one business coaching, financial education, and access to capital among small business owners was outstripping available service capacity – at least in the state’s largest city. We have also [found](#) that metro Milwaukee consistently lags its national peers in attracting venture capital investment – a common issue [statewide](#).

- **Place-based and sector-specific strategies** will be essential. Since business conditions vary significantly across metropolitan areas and industries, a one-size-fits-all approach is unlikely to produce strong statewide results. Targeted support for entrepreneurship and small business growth in underperforming regions of the state could help reduce geographic disparities, especially in areas with fewer businesses per capita or slower job growth. Investments in innovation and regional industry clusters, such as the [Wisconsin BioHealth Tech Hub](#) and the Milwaukee-based [Water Council](#), could also help strengthen long-term competitiveness.
- **Workforce development strategies** should continue to align with both Wisconsin’s leading sectors such as manufacturing, and high-growth sectors like health care, while also strengthening pipelines into higher-wage, knowledge-intensive industries, including information and professional, scientific, and technical services.

Expanding apprenticeship participation and pathways is one possible strategy. Although participation in Wisconsin’s [registered apprenticeship](#) and [youth apprenticeship](#) programs is at record highs, our research [has shown](#) that participation lags in certain regions of the state, such as northwest Wisconsin, and identifies opportunities to expand pre-apprenticeship training opportunities, strengthen connections between youth and registered apprenticeship programs, and expand programming into additional occupations.



Small businesses may also benefit from targeted support to manage rising labor and benefit costs, including technical assistance focused on technologies that can boost productivity such as AI, shared services models, group purchasing arrangements for health insurance, or other strategies that improve operational efficiency.

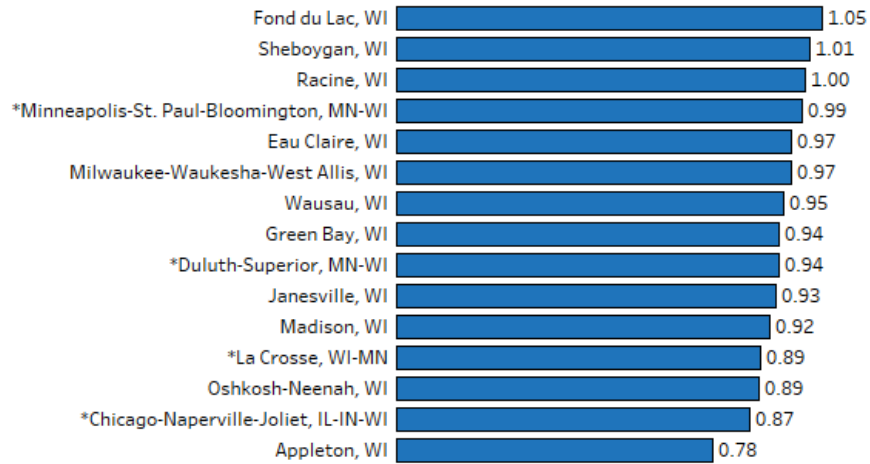
Ultimately, Wisconsin's economic future will depend not only on its ability to encourage entrepreneurship, but also on its capacity to help businesses survive and grow. By addressing the challenges identified in this report, Wisconsin can build a more resilient and competitive economy in which small businesses continue to serve as a key driver of employment, innovation, and economic opportunity across the state.



# APPENDIX

## Distribution of Health Care Jobs Relatively Even Across State

Concentration of health care and social assistance jobs relative to United States, 2024



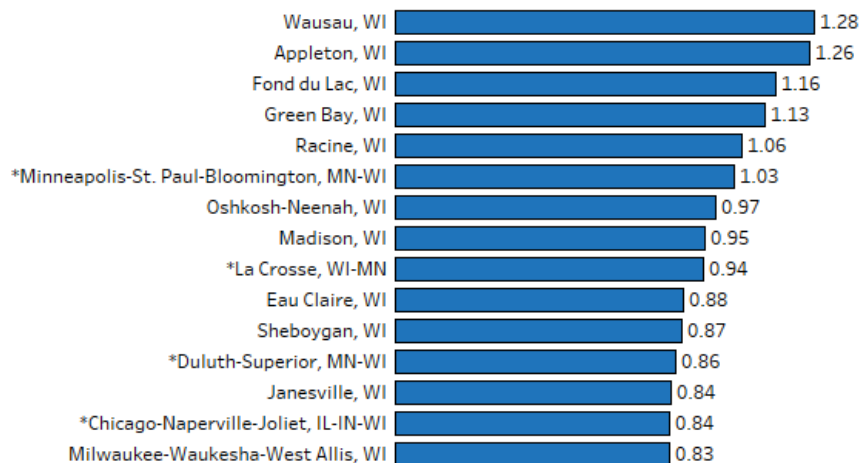
Source: WPF analysis of YourEconomy data

\*Figures only include employees of establishments located in Wisconsin

Note: A concentration of 1.00 means a sector's share of total employment in the metro area matches its share of total employment nationally.

## Construction Jobs Most Concentrated in Wausau, Fox Cities

Concentration of construction jobs in Wisconsin metro areas relative to United States, 2024



Source: WPF analysis of YourEconomy data

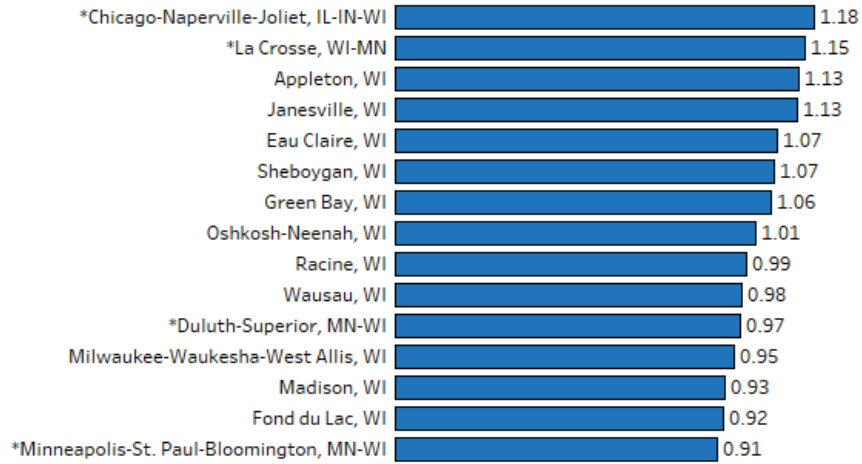
\*Figures only include employees of establishments located in Wisconsin

Note: A concentration of 1.00 means a sector's share of total employment in the metro area matches its share of total employment nationally.



### Retail Employment Similar to National Rate Across Wisconsin

Concentration of health care and social assistance jobs relative to United States, 2024



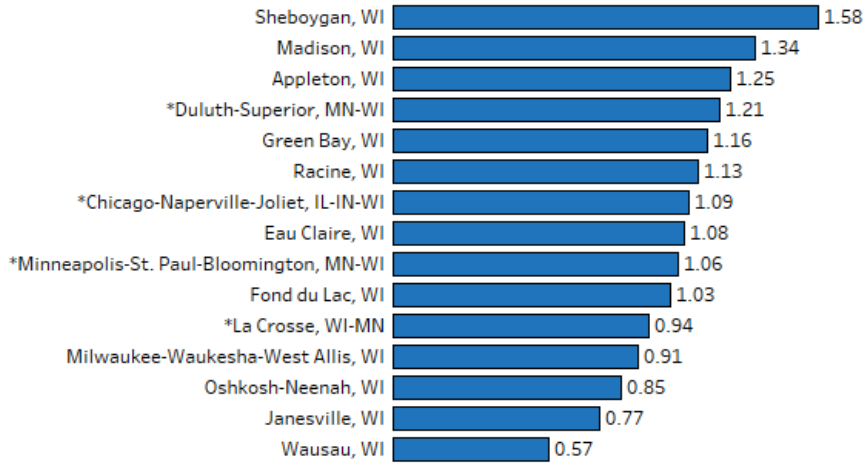
Source: WPF analysis of YourEconomy data

\*Figures only include employees of establishments located in Wisconsin

Note: A concentration of 1.00 means a sector's share of total employment in the metro area matches its share of total employment nationally.

### Sheboygan Leads, Wausau Trails on Arts and Recreation Jobs

Concentration of arts, entertainment, and recreation jobs relative to United States, 2024



Source: WPF analysis of YourEconomy data

\*Figures only include employees of establishments located in Wisconsin

Note: A concentration of 1.00 means a sector's share of total employment in the metro area matches its share of total employment nationally.

