

## 2025 BEYOND BUSINESS REPORT

INSIGHTS FROM HUNTINGTON PRIVATE BANK®



## AN INTRODUCTION

Every day, business owners nationwide rise to meet an evolving landscape, confront obstacles and adapt with ingenuity. In an era defined by economic headwinds and shifting global dynamics, we seek to understand the macroeconomic trends and planning topics central to businesses today. Addressing these topics head on is our way of helping guide business owners through various challenges, life stages, and matters of the heart.

Our second annual research study, 2025 Beyond Business Report, highlights the resounding tenacity and welcomed optimism expressed by business owners from across our nation.

We've learned there's considerable good news coming from business owners today. We also heard businesses may need more guidance from their team of advisors.

### That's where we come in.

Chief Economist Olu Omodunbi, PhD, and Director of Wealth Strategy Dan Griffith, CEPA<sup>®</sup>, analyze and share insightful commentary on business owner sentiment. It's through this deep and thoughtful review that we better understand where business owners are and how we can help guide them.

At Huntington, we're committed to fostering trusted relationships, providing meaningful advice, and creating unique financial strategies to help strengthen the communities we serve.

Together, we can support each other through the economic cycles.

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**Melissa Holding**  
Director of Wealth Management

## EXECUTIVE SUMMARY

### What we learned.

Despite facing a year marked by continued inflationary concerns, a contentious election cycle, and lingering geopolitical conflicts, American business owners continue to show remarkable optimism. Their positive outlook underscores their commitment to navigating challenges and capitalizing on new opportunities in a rapidly changing business environment.



Business optimism remained strong despite perceived economic uncertainty.



Expectations about overall financial conditions are mostly positive.



Rising costs, especially in wages and materials, remain a challenge and many companies have successfully passed these expenses on to customers.



One-third of businesses expect a transition within the next five years.



Nearly half of the businesses expecting a transition are working with external advisors to help navigate the process.

### Quick Reference

As you read through the 2025 Beyond Business Report, you'll see four icons that represent the different revenue ranges of surveyed businesses. We suggest identifying your revenue range and associated icon as a quick reference to see how your peers responded to the survey questions.



\$1MM-< \$2.5MM



\$2.5MM-< \$25MM



\$25MM-< \$50MM



\$50MM-< \$500MM

Additionally, we've created these icons to represent our five key industry focus areas.



SERVICES



MANUFACTURING



WHOLESALE  
TRADE



RETAIL TRADE



CONSTRUCTION

Similarly to those for revenue ranges, we suggest you reference these icons to gain an understanding of key concerns within your industry.

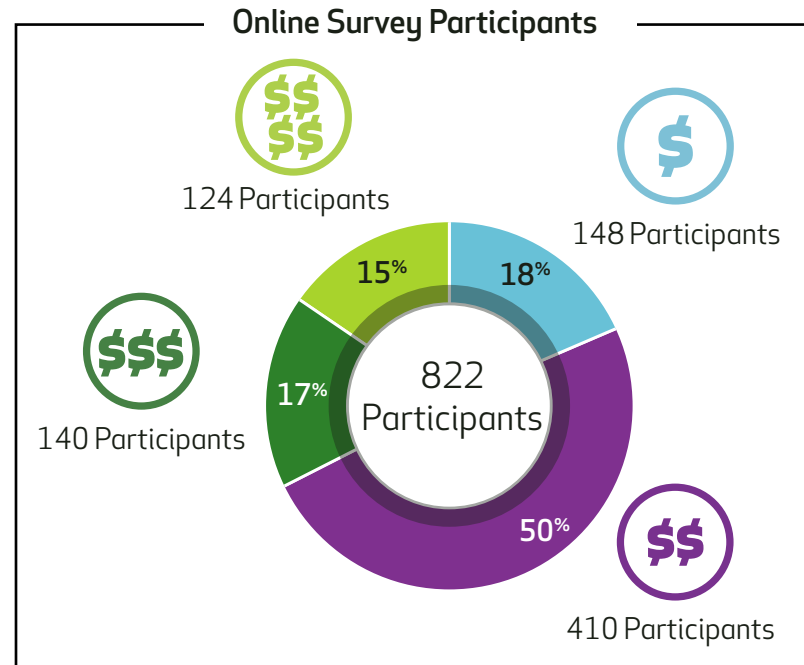


## Methodology

The 2025 Beyond Business Report is an annual study, focused on understanding business sentiment and market conditions directly from the voice of business owners and other financial decision-makers. This study utilizes a proprietary online survey to collect information from financial decision-makers at companies with \$1 million to less than \$500 million in annual sales. Responses were collected from September 3 through September 4, 2024. A total of 822 business owners, CFOs, and other financial decision-makers participated in the study. Data in this study is weighted by sales volume and industry to represent the natural distribution of businesses within the \$1MM-<\$500MM sales range. The data-weighting methodology allows us to generalize the results to the entire business population in the \$1MM-<\$500MM sales range.

To collect data, Huntington contracted with [Barlow Research Associates, Inc.](#) to conduct this research. Barlow Research is a market research firm specializing in the financial services industry, based in Minneapolis. Founded in 1980, Barlow Research focuses on executing in-depth, complex studies that help financial institutions integrate the voice of businesses into their decision-making processes.

Note: In certain data visuals, percentages are rounded to the nearest whole number; as a result, totals may not sum to 100%.

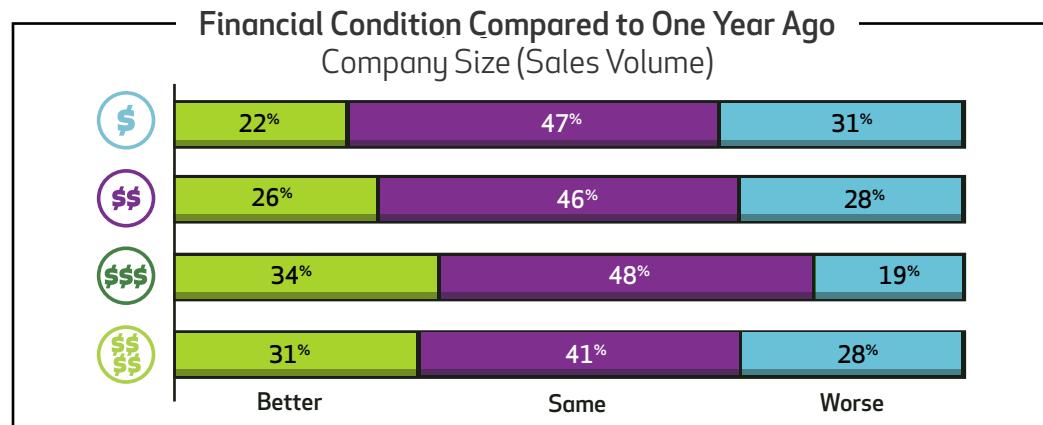
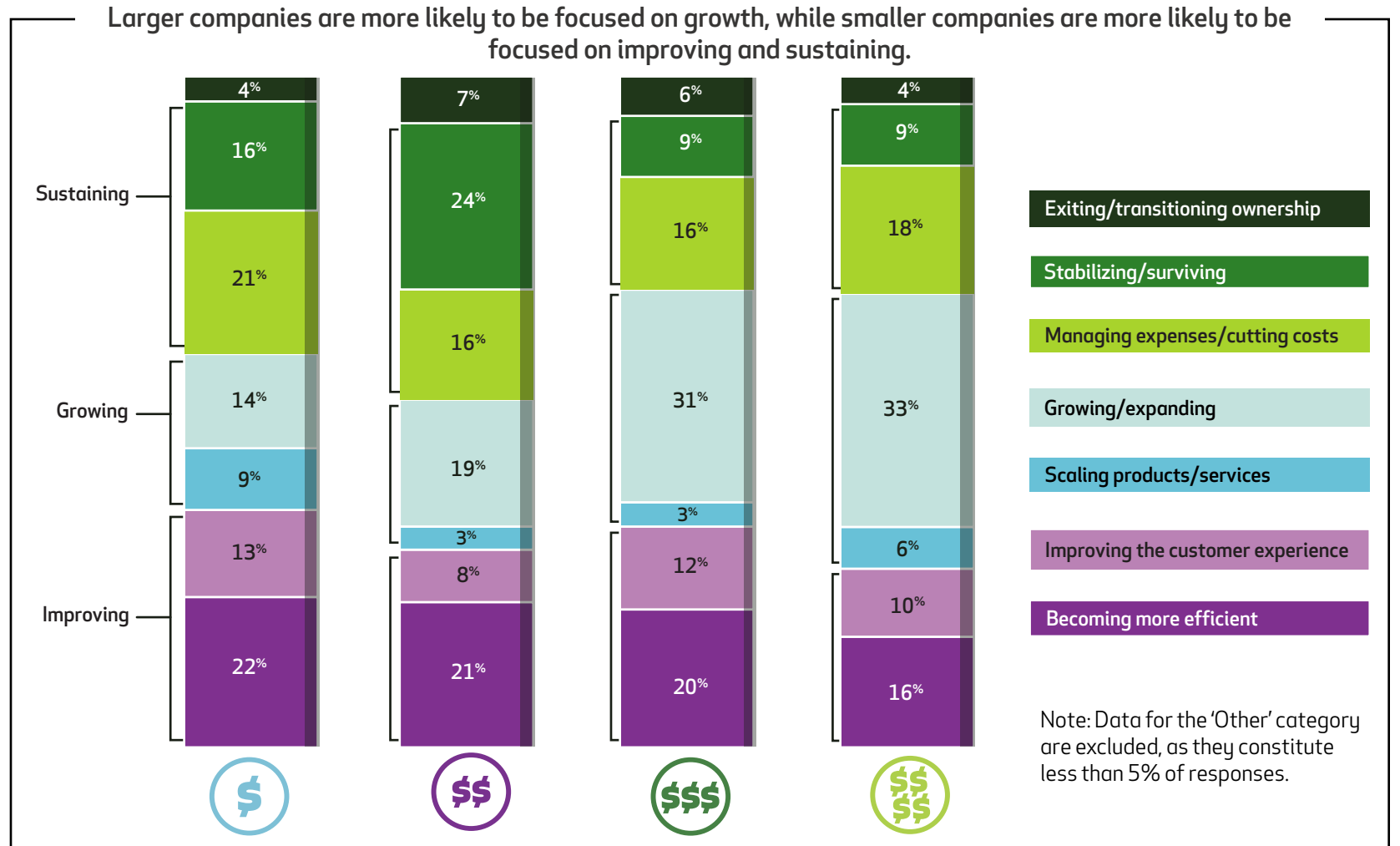


## CURRENT STATE AND OUTLOOK

### Business optimism remained strong despite perceived economic uncertainty.

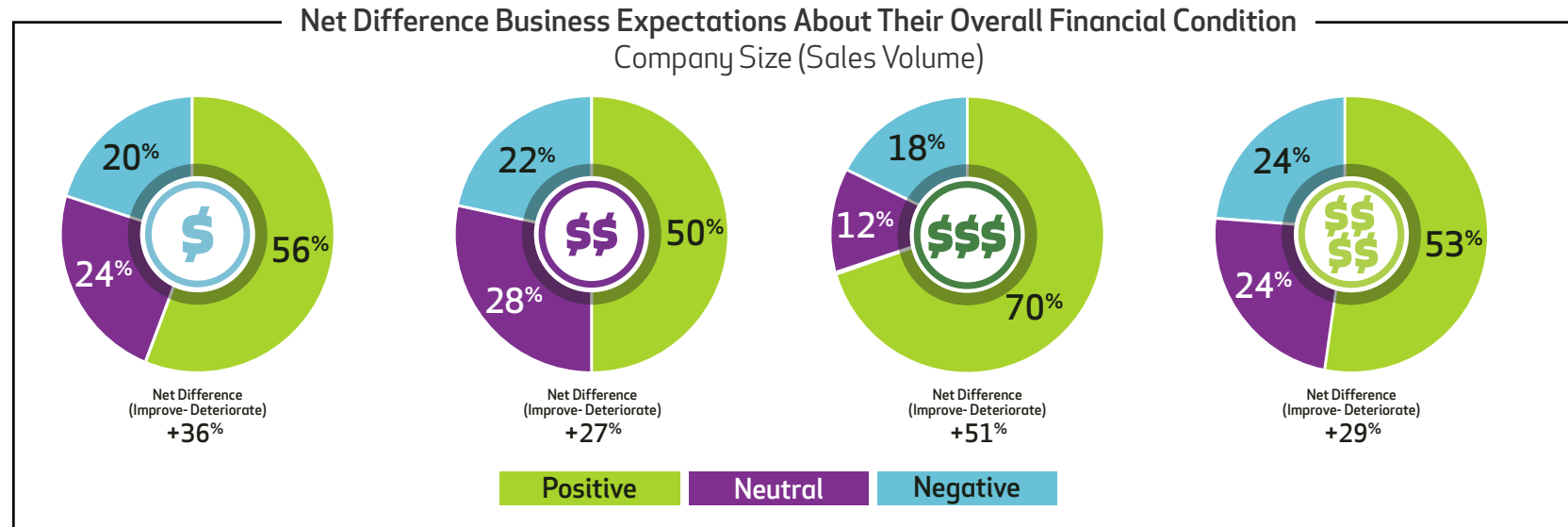
Most businesses report they're doing the same or better than one year ago. Businesses are encouraged by subsiding inflation, the strength of the U.S. economy, and lower interest rates. Economic growth surprised to the upside in 2024, the U.S. labor market is in good shape, and interest rate cuts are expected to continue in 2025. Many businesses rely on bank financing for capital expenditures and lower interest rates will be a boost to bottom lines.

Larger companies are generally faring better than smaller businesses, with companies between \$25MM and \$50MM in annual sales most likely to be doing better. One in three businesses in this sales range indicated their financial condition has improved over the past year. In contrast, only 22% of smaller businesses (\$1MM to less than \$2.5MM in annual sales) indicated that they are better off today than they were just 12 months ago. Smaller businesses seem to be more focused on sustaining operations and incremental improvements, while larger businesses are more likely to be concentrating on growth and scaling their products or services, capitalizing on their stronger financial footing.



## Businesses across the spectrum see a bright future.

As businesses look ahead to the next 12 months, many are more optimistic about their own financial condition. All four segments of the business market report a positive net difference in their financial outlook (net difference being the percentage expecting improvement minus those anticipating worsening conditions). Companies with annual revenues between \$25 million and \$50 million are the most optimistic.

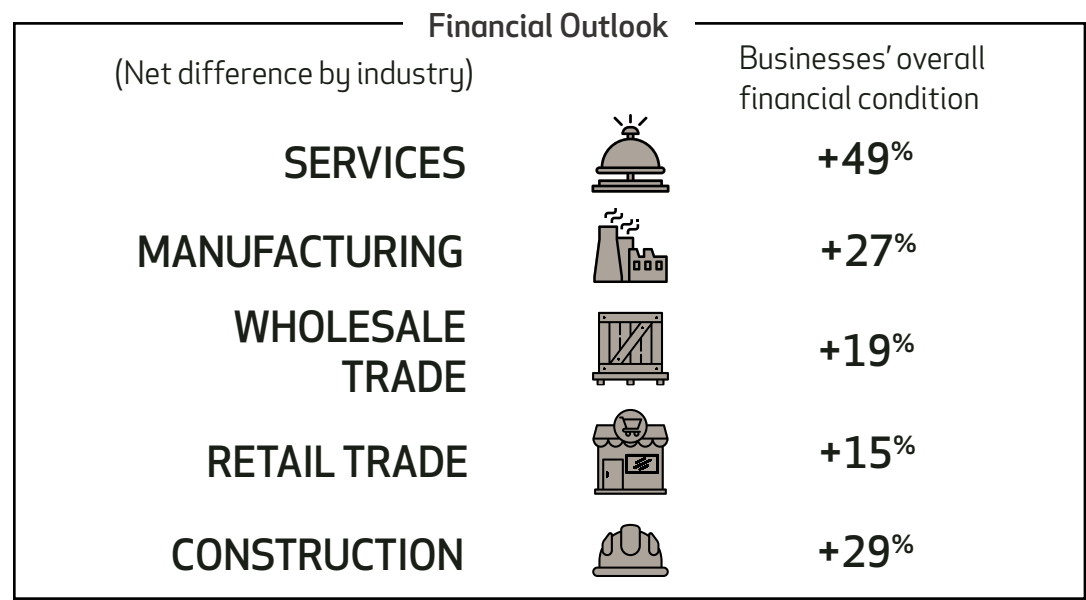


## Rate cuts may ease the cost of borrowing.

Most businesses are optimistic that interest rates will decline over the next 12 months. The Federal Open Market Committee (FOMC) lowered the target range of the federal funds rate by 25 basis points, to a range between 4.25% and 4.50%, at its December meeting. This was the third consecutive rate cut by the FOMC and followed a 25-basis-point cut at its November meeting, and a large 50-basis-point cut at its September meeting. Our Chief Investment Office expects two to three 25-basis-point rate cuts in 2025.

**“Economic policies by a second Trump administration, such as broad-based tariffs, new tax cuts, large-scale deportations and restrictive immigration policies, could be inflationary, and lead to fewer Federal Reserve rate cuts in 2025.”**

**- Olu Omodunbi, PhD, Chief Economist**



As the fed funds rate heads toward neutral, business owners may be more willing to engage in debt financing to fuel the organic growth that they anticipate. A group of qualified advisors can help proactively determine the best structure.

## TOP CONCERNS AND CHALLENGES

### Higher cost of doing business remains a top concern.

Similar to what we heard in 2024, inflation was identified as a challenge for our survey respondents. For those in the manufacturing sector, 74% of respondents noted "higher cost of doing business" as the top concern.

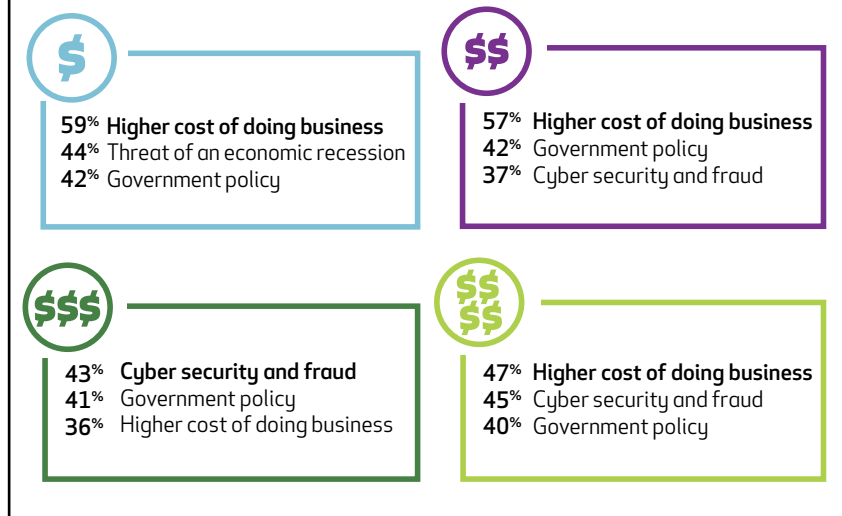
Higher costs for raw materials, utilities, equipment, and compensation, have weighed on many businesses in recent years. While headline inflation slowed in 2024, core inflation (excluding food and energy) has proven sticky. Restrictive monetary policy, softer labor market activity, and weaker housing inflation should help moderate headline inflation further over the next year.

### Cost Increases That Have Been Most Detrimental By Company Size (Sales Volume)

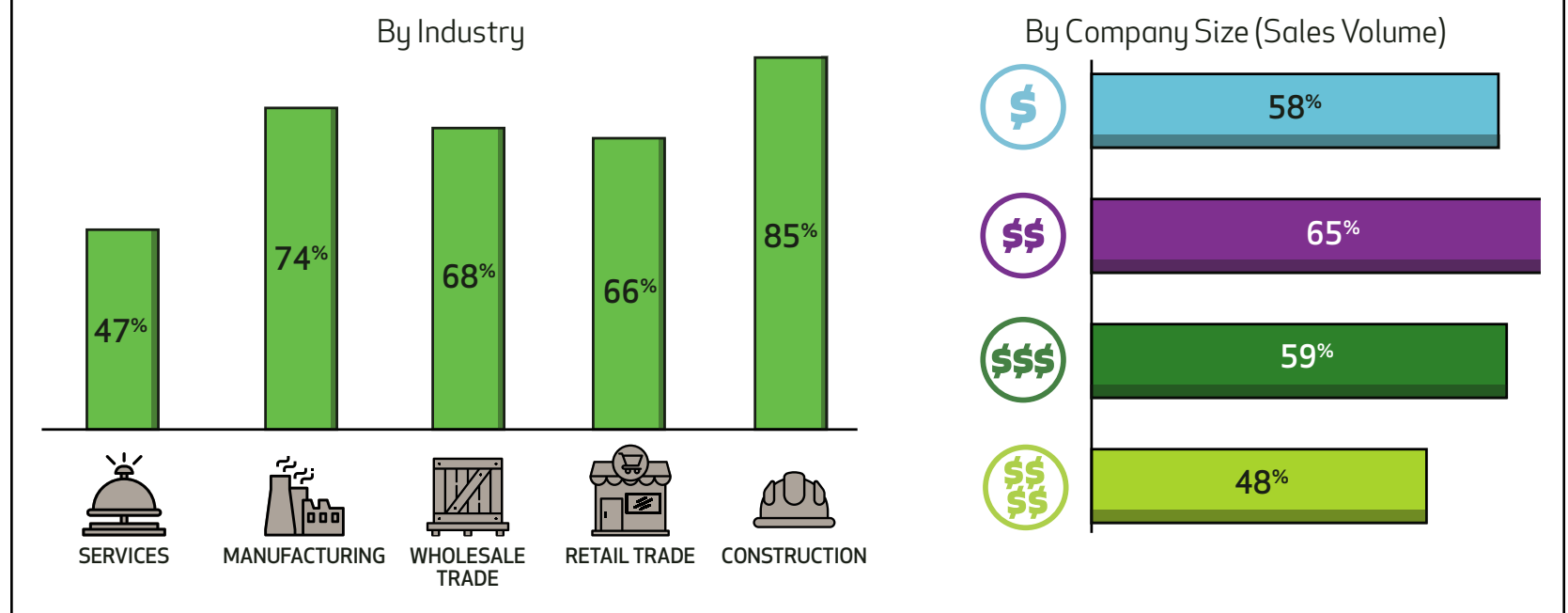


Though inflation softened in 2024, it remained a top concern for business owners as the cost of goods, services and labor led to higher operational costs. Businesses have been forced to either absorb these costs or pass them along to their customers. Some businesses have been more successful in passing along cost than others. For example, 65% of businesses with \$2.5MM-<\$25MM in annual sales have passed along increased costs to their customers, compared to only 48% of businesses with \$50MM-<\$500MM in annual sales. Across major industries, the construction sector has been the most effective in passing on costs, while the services industry has faced more challenges in doing so.

### Top Concern By Sales Volume



### Passing Along Increased Costs





## Shifting government policies, cybersecurity and fraud also among top concerns.

Like increased costs, there are other potential obstacles business owners may not be able to control but can prepare for. Unlike higher expenses, additional impediments can't easily be shifted onto customers.

More than four in ten respondents stated that governmental policies and regulations, such as tariffs and taxes, are among their top three concerns. These can regularly change as state and federal control shifts from one party to another. Sweeping tariffs will likely result in an increase in the prices of inputs, squeezing profit margins. Huntington's Chief Investment Office expects the U.S. economic expansion to continue through 2025 and into 2026, although policy changes will likely have an impact on businesses and the broader U.S. economy.

Similar to what we learned in last year's business survey, cybersecurity and fraud continue to be top of mind — noted as one of the top three concerns for all business segments with more than \$2.5 million in annual revenue, and as the second most concerning issue for those from the wholesale industry. Managing risk and bolstering security against fraud is increasingly complicated as cyberattacks grow in sophistication and frequency. Cyberattacks remain an ongoing threat to businesses across every industry. The effects of a successful data breach or attack can have far-reaching financial and reputational consequences.

Preventative measures can help keep your organization safe and secure.



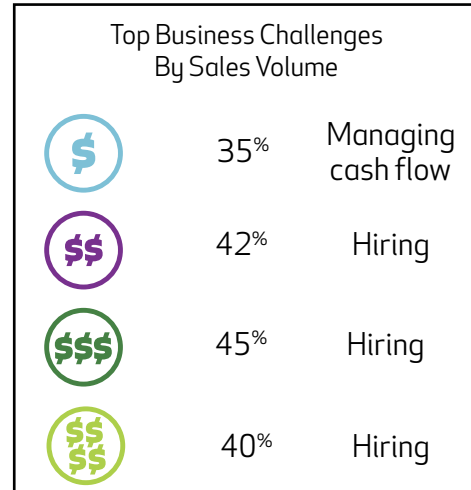
**For more insights on cybersecurity and fraud, visit:**  
<https://www.huntington.com/Commercial/insights/cybersecurity>



## Finding the “right” employees among top challenge for most.

Labor shortages have eased this year, but they were particularly bad in the retail trade and leisure and hospitality sectors early in the pandemic. The U.S. labor market has cooled considerably in 2024 and the unemployment rate in October was 4.1%, four-tenths of a percentage point higher than it was December 2023. Labor demand weakened in 2024 due to elevated interest rates while labor supply was boosted by a rise in immigration and a significant increase in the labor force participation rate for prime-age workers (25 to 54 years old).

### Top Business Challenges



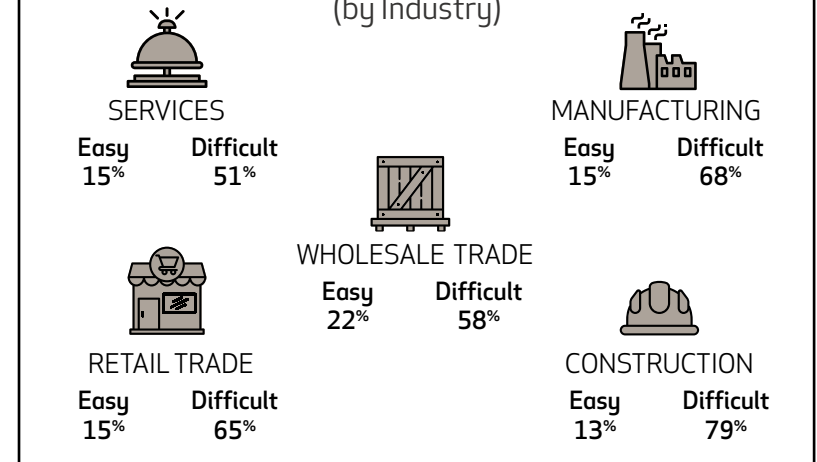
% Top 3 summary, Total sample: (\$1MM- <\$500MM)

“Still, the U.S. labor market has many positives. Wages are rising and wage growth has exceeded inflation since mid-2023. Also, productivity growth has been strong in recent years, contributing to slower growth in unit labor costs, and weaker inflation.”

- Olu Omodunbi, PhD, Chief Economist

### Ease of Finding Employees

(by Industry)



Hiring challenges present significant obstacles for business owners. Factors such as talent shortages, rising competition for skilled workers, and the high cost of retaining top talent can hinder the ability to scale operations effectively. For business owners considering retirement or preparing to sell, strategically navigating these challenges is essential for a smooth and profitable transition.

## BUSINESS TRANSITIONS

### Many owners expect a transition soon, but few are prepared.

With many business owners approaching retirement, it's not surprising that one-third of businesses expect to undergo an ownership change within the next five years. Among those planning a transition, two-thirds intend to sell or transfer their business to non-family members. However, despite these intentions, only 48% have a formal succession plan in place.

#### Ownership Change

**33%**

Anticipate a change in ownership in next five years

of those...

**63%**

Anticipate selling or transferring business

of those...

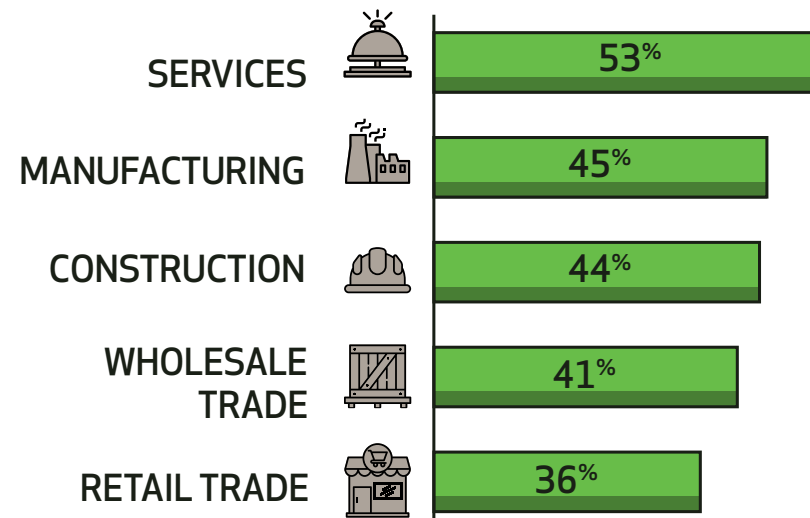
**54%**

Sell or transfer to a third party

**"Regardless of the age or maturity of the business – or the business owner – it is never too early to begin business succession planning. Your business will indeed transition, you just need to decide how prepared you will be for that process."**

**– Dan Griffith, CEPA® Director of Wealth Strategy**

#### % With a Succession Plan

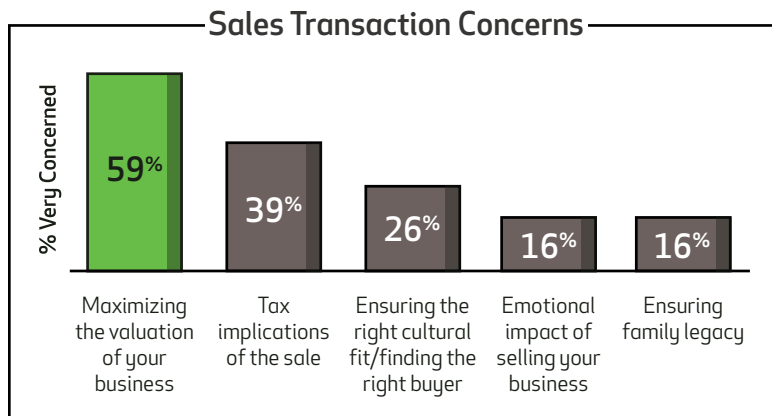


**Discussion guide for a family business transition conversation**



## Maximizing valuation is the top concern for most.

Business owners preparing to sell their companies are highly focused on maximizing the value of their business, ensuring they receive the best possible return on their investment. Regardless of sales size, the proceeds from the sale will likely be designated to fund retirement and set up future financial success.



**“Having a clear understanding of the value of your business is vital, and not just when selling to a third party. And getting an objective business valuation can challenge an owner’s own beliefs about their business. Specialists such as accountants, tax experts, and other advisors can bring a more objective lens to the process.”**

**– Dan Griffith, CEPA® Director of Wealth Strategy**

## Assembling the right team.

Nearly half of businesses rely on external advisors during the sales process, with 47% turning to accountants for assistance. Moreover, 36% of companies identify their accountant as their primary advisor for navigating ownership transitions. Given the nature of accelerating business ownership transitions, the role of external advisors has become increasingly important.

### Transition Team and Role:

- **Active Business Owner** – Someone who is committed to develop and execute a growth strategy.
- **Investment Banker or Business Broker** – A group of experienced advisors who can help refine financials, assist with due diligence, and find potential business buyers.
- **Valuation Consultant** – Someone who can provide a very detailed analysis, comparing the business to local, regional, and national competitors. If there’s a sufficiently long lead time, a lower initial valuation can maximize how much of the business can be passed along to family members without gift taxes.
- **Legal Counsel** – Attorneys who are experienced in merger and acquisition transactions. Many business owners make the mistake of calling on advisors who have estate planning, HR, or general business experience, but a transaction is a specific and unique skill set.
- **Accountant** – The more valuable accountants are the ones who have a deep knowledge of the business and can assist in due diligence. It is important to supplement the team with tax expertise specific to the M&A field if necessary.
- **Wealth Advisor** - A wealth advisor can often serve as the main point of contact on this team and can make the intricacies of a very complex process flow more smoothly.

## Aligning your business vision with your personal goals.

While many of the other advisors are focused on the business transaction, an effective wealth advisor can help advocate for the personal interests of the owner themselves, including investment advice, cash flow projections, and family wealth philosophy. One of the hardest parts of selling a business is that you've likely never done it before. An effective wealth advisor can help identify valuable team members, share the collective wisdom gathered from other transactions, and develop the "why" for what to do when the big check clears.

Wealth Advisors take a macro viewpoint and help owners consider how the business sale connects with their personal goals. Wealth Advisors can also help make sure that financial, estate and tax planning strategies are coordinated with CPAs and attorneys and executed in a timely fashion.

## Reasons to start now.

We don't know what will happen tomorrow, so it's likely better that you start your succession planning as soon as possible to avoid delays, or worse, due to sudden health issues, the inability to make decisions yourself.

**"I recall working with married business owners in their 50s who began the succession planning process early. Knowing that the kids were interested in other careers helped the couple plan an orderly and profitable sale.**

**When the husband died unexpectedly, those years of careful succession planning helped prevent a financial crisis from potentially compounding the tragedy. The sale proceeded smoothly and family members were left with a more secure financial future."**

**- Dan Griffith, CEPA® Director of Wealth Strategy**

While it's true that there's a lot to consider, the process doesn't have to be onerous. A Huntington Wealth Advisor can walk you through each step, introduce you to experienced associates and resources, and help you consider the available options.





## EXPERTS OVERVIEW

### Contributors.

Huntington Private Bank® wealth management experts are regularly featured in renowned media outlets and financial publications and are skilled at translating complex financial topics into meaningful guidance. Their financial insights cover a variety of topics, from banking and investing news to wealth management and retirement, and the many stops in between.



**Olu Omodunbi, PhD**  
**Chief Economist**

As a senior vice president and the chief economist, Olu is responsible for setting the Private Bank's economic view. He provides economic analyses and forecasts

for clients within and outside the Chief Investment Office and represents Huntington in regional and national media. With vast global experience and a deep commitment to community service, Olu analyzes wide-ranging data and helps people understand current economic trends and conditions. He is "touched" and "energized" seeing his clients benefit from his research and guidance.



**Dan Griffith, CEPA®**  
**Director of Wealth Strategy**

Dan, once a practicing attorney, is Huntington's Director of Wealth Strategy leading a team of advisors dedicated to guiding ultra-high-net-worth clients with advanced planning techniques. As a

graduate of The Ohio State University Moritz College of Law, Dan is serving as President of the Ohio Bar Association for 2024/2025. He is a certified specialist in estate planning and a fellow of the American College of Trusts and Estate Council.

Dan began his career in private practice helping family businesses develop transition plans and is married to a small business owner. As a Certified Exit Planning Advisor, he meets with business owners who are working to navigate the complex tax issues, legal challenges, and unique family dynamics associated with closely held businesses. Dan teaches tax at the graduate level and is often called upon to speak to professional and community groups on a variety of technical topics. His goal is to help translate complex topics into understandable solutions.

### Supporting businesses and families with planning.

Huntington's wealth management professionals go above and beyond to understand your goals and help bring them to fruition. We have vast experience in business succession planning, estate planning, charitable giving, wealth transfer, and tax strategies for business owners and high-net-worth clients. With our sophisticated advice and guidance, you can feel confident when facing complex decisions and putting a plan in motion.

### Tough questions we can help you answer:

- When is the right time to transfer my business, and how soon should I start planning for that transition?
- What should be considered before, during, and after the transfer process?
- Should I hand the business down to family or sell?
- How should I structure a sale?
- What will the impact be to my tax strategy?
- What will my next chapter be?

To receive timely and relevant market commentary by our wealth experts similar to this, visit [huntington.com/uncommon](https://www.huntington.com/uncommon) to sign up for our communications or to contact a local Private Bank office near you to learn more.



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- Trust and investment management services are provided by The Huntington National Bank, a national bank with fiduciary powers.
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