AI Advisors

The Current State of AI for Small and Medium-Size Businesses

An objective research report for owners and operators evaluating AI adoption

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Purpose: This report synthesizes recent research on AI adoption, use cases, implementation maturity, and governance for small and medium-size businesses (SMBs). It is written for business owners and managers deciding where, whether, and how to adopt AI.
Method note: Adoption estimates vary because sources measure different behaviors: casual chatbot use, paid AI subscriptions, AI embedded in software platforms, or AI used directly in producing goods and services. Interpret the numbers directionally rather than as directly comparable market-share estimates.

88%

of organizations in McKinsey's 2025 global survey report regular AI use in at least one business function. [1]

46%

of small employer firms in the 2025 Federal Reserve Small Business Credit Survey reported current AI use. [3]

8.8%

of small firms reported using AI in production of goods or services under the stricter SBA/BTOS measure. [5]

58%

of small businesses in the U.S. Chamber 2025 report said they use an AI platform. [4]

Core conclusion

AI is no longer only an experimental technology for large enterprises. For SMBs, the practical opportunity is operational: reduce repetitive administrative work, improve response speed, standardize follow-up, support better decisions, and create safer access to company knowledge. Adoption alone does not guarantee value. Owners get better results when they choose a specific workflow, define human review, protect sensitive data, and measure outcomes before scaling.

Executive Summary

The evidence base points to a simple pattern: SMBs are adopting AI quickly, but many are still early in operational maturity. AI use is increasingly common in everyday software and staff-level experimentation. The harder work is turning that use into repeatable business processes that are accurate, safe, and measurable.

- Adoption is real, but definitions matter. McKinsey reports broad organizational AI use, while SBA/BTOS captures AI used in producing goods or services. Both can be true because they measure different levels of commitment. [1,5]
- Newer businesses are adopting paid AI faster. JPMorgan Chase Institute found that the 2025 business cohort reached 10% paid AI adoption in about six months, compared with more than six years for the 2019 cohort. [2]
- Most SMB activity is practical and near-term. Federal Reserve survey results show common AI uses in writing or marketing, individual productivity, and planning or analysis. [3]
- Value depends on workflow redesign. High-performing AI organizations are more likely to redesign workflows, assign ownership, and track impact instead of treating AI as a stand-alone tool. [1]
- Human review remains central. For customer-facing, financial, legal, insurance, employment, safety, or compliance-related outputs, AI should support accountable human judgment. [13,14]

What this means for a business owner

The practical question is not whether AI is useful in the abstract. It is which workflow is worth improving first. A good candidate is a process where the business already loses time, consistency, speed, or revenue: missed calls, slow quoting, inconsistent follow-up, repetitive document review, scheduling gaps, incomplete job notes, or manual reporting.

Decision principle: start with one workflow, not one technology. Define the business problem, the expected output, the human reviewer, the data rules, and the success metric before buying tools or building automation.

1. Adoption Snapshot: Why the Numbers Look Different

AI adoption statistics can appear inconsistent because each source uses a different population and measurement lens. The table separates the lens from the implication for SMB decision-making.

Source	Population / lens	Key finding	Interpretation for SMBs
McKinsey State of AI 2025 [1]	Global organizations	88% report regular AI use in at least one business function; about one-third have begun scaling AI programs.	AI is common, but enterprise-level scaling is still incomplete.
JPMorgan Chase Institute 2026 [2]	Paid AI services among Chase small business accounts	The 2025 cohort reached 10% paid AI adoption in about six months.	Newer firms are more likely to build AI into operations from the start.
Federal Reserve 2026 SBCS [3]	U.S. small employer firms	46% currently use AI; 15% planned to begin within 12 months; only 7% of AI users were fully integrated.	SMBs are using AI, but most remain in experimentation or partial integration.
U.S. Chamber 2025 [4]	U.S. small businesses	58% report using an AI platform; 42% use generative AI chatbots.	Platform-based AI has entered mainstream small business operations.
SBA Office of Advocacy / BTOS 2025 [5]	Small firms using AI in production of goods or services	8.8% of small firms used AI under the production-use measure, up from 6.3% six months earlier.	A stricter production lens shows lower adoption but fast growth.
Salesforce SMB survey [6]	Global SMB leaders	75% of SMBs were experimenting with or using AI.	Useful directional evidence, but interpret benefits with survey-source caution.

Implication

The strictest measures show that deep AI integration is still early; broader measures show that day-to-day exposure is widespread. Owners should assume competitors and employees are already experimenting, but should not assume the market has solved implementation.

2. Where SMBs Are Using AI Now

Across sources, AI adoption is strongest where work is digital, repetitive, language-heavy, and easy for a person to review. Common uses include writing or marketing, individual productivity, planning, and analysis. [3]

Function	Common AI use cases	Why it fits SMBs	Owner questions before adoption
Marketing and visibility	Local service pages, SEO briefs, email drafts, ad variations, social calendars, review responses.	Fast feedback loop and direct demand-generation value; can start without replacing core systems.	Who approves public content? How will claims be checked?
Sales and lead intake	Missed-call summaries, lead scoring, instant follow-up, quote prefill, CRM cleanup.	Revenue leakage is measurable through response time, appointment rate, and close rate.	Where do calls/forms/texts enter today? What qualifies as a good lead?
Operations and scheduling	Dispatch suggestions, route-fill opportunities, job notes, SOP lookup, invoice reminders.	Can convert admin friction and schedule gaps into better capacity utilization.	Are job categories, technician skills, and calendar rules clean?
Customer service	FAQ drafts, reminders, status updates, sentiment triage, escalation summaries.	Improves responsiveness without adding a full-time support role.	When does a human take over? What tone standards apply?
Administration and finance	Invoice coding support, AR follow-up, document search, meeting summaries, KPI narratives.	Saves owner and office-manager time on repetitive internal work.	Which financial or customer data is restricted?

Practical starting point

A strong first project is repetitive, has examples or records, produces an output that can be reviewed quickly, connects to a real business outcome, and can be measured within 30 to 90 days.

3. Industry Lens: Construction, Professional Services, Insurance, and Marketing

Each industry has a different risk profile, but the same adoption logic applies: begin with support tasks and structured workflows before using AI for higher-stakes decisions.

Industry	Evidence signal	Practical first use cases	Cautions
Construction and service contractors	RICS reports growing construction AI investment interest; Autodesk highlights AI across design and operations. [8,9]	Lead capture, estimate drafts, dispatch support, proximity-based route-fill, permit/code retrieval, job notes, review management.	Avoid overbuilt custom systems before service areas, job types, skills, and calendar rules are standardized.
Professional services	Thomson Reuters finds AI is reshaping legal, tax, accounting, audit, risk, and compliance work. [10]	Document summarization, proposal drafts, client updates, research memos, knowledge bases, billing narratives.	Confidentiality, client data, professional standards, and review controls are essential.
Insurance and brokers	McKinsey estimates AI could create meaningful value in insurance; NAIC emphasizes governance across the AI life cycle. [11,12]	Submission intake, carrier appetite matching, renewal prompts, claims intake support, customer communications.	Do not use AI for adverse or regulated decisions without documented governance and compliance review.
Marketing and engagement	Marketing reports point to AI use in trend analysis, content generation, segmentation, and campaign support. [7,15]	Campaign ideation, local SEO, email segmentation, social calendars, ad creative, reputation management.	Generic AI content can reduce trust. Require fact-checking, customer proof, and human editorial standards.

A note on high-risk vs. low-risk AI

Low-risk AI drafts, summarizes, organizes, or recommends while a person remains accountable. Higher-risk AI influences eligibility, pricing, employment, insurance, credit, legal rights, safety, or regulatory outcomes and requires stronger testing, documentation, disclosure, monitoring, and human oversight.

4. A Practical Adoption Model for Business Owners

A useful AI strategy does not begin with a large technology roadmap. It begins with a small number of clearly defined business processes. Owners should treat AI as an operating capability that must be designed, managed, and measured.

Stage	Owner task	Typical outputs	Decision gate
1. Identify	List workflows where time, speed, consistency, or lost revenue are visible.	Opportunity list; pain-point map; baseline metrics.	Is the problem important enough to improve?
2. Prioritize	Score use cases by value, risk, feasibility, data availability, and staff readiness.	Top candidates; risk screen.	Can the business test this safely in 30-90 days?
3. Pilot	Use AI in a narrow workflow with human review.	Templates, prompts, approved tools, review checklist.	Did the pilot improve a measurable outcome?
4. Integrate	Connect AI-assisted steps to normal systems and routines.	CRM fields, intake forms, SOPs, approval steps, calendar or task triggers.	Does the workflow run without heroics?
5. Govern and scale	Expand only after accuracy, adoption, risk, and ROI are acceptable.	AI-use policy, vendor inventory, KPI dashboard, training plan.	Can the business explain and control the system?

Automation levels

- Assistant: AI drafts, summarizes, searches, or brainstorms. A person decides what to use.
- Workflow accelerator: AI is embedded into a process such as intake-to-CRM-to-follow-up. A person reviews key outputs.
- Supervised agent: AI can plan and complete limited multi-step actions under constraints, with logging and escalation.
- Autonomous agent: AI acts across systems with limited human intervention. Use only after stable processes, permissions, monitoring, and accountability are in place.

Rules first, AI second: For operational workflows such as dispatching, quote routing, or proximity-based job filling, early value usually comes from clean business rules - service area, skill requirements, job type, expected duration, technician availability, customer availability, priority, and margin. AI can then draft outreach, summarize constraints, and rank options, while a dispatcher or manager approves the schedule.

5. Building the Business Case: Capacity, Consistency, Conversion

The business case for AI should be expressed in ordinary operating metrics. The Federal Reserve reports that, among small employer firms using AI, 71% said AI increased productivity, 39% reported improved quality of goods or services, and 31% reported higher sales. [3] Those findings are encouraging, but they should be tested locally.

Value lever	Baseline metric	Example AI intervention	What to watch
Capacity	Admin hours per week; response time; jobs per tech-day; quote turnaround.	Intake summaries, quote drafts, job notes, invoice reminders, meeting summaries.	Staff may save time but create review bottlenecks if approvals are unclear.
Consistency	Follow-up completion; quote quality; review response time; SOP compliance.	Standardized follow-up, approval queues, reusable templates, SOP lookup.	Avoid sounding generic or automated in customer-facing communication.
Conversion	Lead-to-appointment; appointment-to-estimate; estimate-to-close; abandoned leads.	Instant lead response, lead scoring, personalized reminders, CRM task creation.	Measure conversion, not just activity volume.
Margin	Gross margin by job type; truck rolls; idle gaps; collections cycle.	Proximity-fill logic, scope checklists, material pre-check, receivables follow-up.	Operational data must be clean enough to support scheduling recommendations.

When manual coordination is enough

Not every process should be automated. If job volume is low, data is messy, the process changes daily, or a capable office manager can handle it faster than software can be configured, a checklist or spreadsheet may be the better first step. AI becomes more compelling when speed, variation, volume, handoffs, or after-hours demand exceed what a person can reliably manage.

6. Risks, Guardrails, and Responsible Adoption

AI creates value when it is accurate enough for the use case and governed in proportion to the risk. NIST identifies trustworthy AI characteristics such as validity, reliability, safety, security, resilience, accountability, transparency, explainability, privacy enhancement, and fairness with harmful bias managed. [13]

Risk	Why it matters	Minimum SMB guardrail
Accuracy and hallucination	Federal Reserve respondents identified accuracy and fit as major challenges. [3]	Human review for customer-facing, financial, legal, insurance, compliance, medical, employment, and safety-related outputs.
Data privacy	Employees may paste customer, employee, financial, or contract data into unapproved tools.	Approved-tool list; restricted-data rules; no sensitive data in unapproved public tools.
Security and vendor access	AI tools may connect to email, CRM, calendars, documents, payments, and customer records.	Multi-factor authentication, role-based permissions, least-privilege access, vendor review, and logging.
Bias and unfair treatment	Insurance, finance, employment, and eligibility workflows can create legal and reputational risk.	Use AI for support and triage, not final adverse decisions, unless testing and governance are in place.

Minimum viable AI policy

- List approved AI tools, allowed users, and approved business purposes.
- Define restricted data: customer PII, employee records, passwords, payment data, tax records, health data, contracts, regulated data, and confidential business information.
- Require human approval before sending AI-generated customer communications, quotes, claims language, contracts, employment decisions, or compliance material.
- Assign an owner for each AI-enabled workflow and track basic KPIs: time saved, response time, close rate, error rate, customer satisfaction, and staff adoption.

7. A 90-Day AI Adoption Roadmap for SMBs

The most practical adoption path is a short, evidence-based pilot. The goal is to learn whether a specific workflow can be improved, not to transform the company in one step.

Timeframe	Activities	Outputs	Success measures
Days 1-15: Diagnose	Map workflows; inventory tools; interview owner and staff; identify data constraints; baseline current performance.	Opportunity map; risk screen; top use cases; baseline metrics.	Business selects one pilot with a clear owner.
Days 16-30: Design	Choose pilot; define human review; configure tools; write templates; clean minimum data fields.	Pilot specification; review checklist; staff workflow; KPI dashboard.	Staff can explain how the process works.
Days 31-60: Implement	Launch pilot; monitor outputs; refine prompts/rules; train staff; review weekly.	Working AI-enabled workflow; training guide; results summary.	Response time, cycle time, quality, or conversion improves.
Days 61-90: Decide	Compare benefits, costs, risks, adoption, and quality. Decide whether to scale, pause, or redesign.	Scale plan; AI policy updates; next-use-case backlog.	Owner can justify the next decision with evidence.

Conclusion

The current state of AI for SMBs is rapid diffusion with uneven operational maturity. Owners should neither ignore AI nor adopt it indiscriminately. The most defensible strategy is to start with a narrow, valuable workflow; use AI to assist rather than replace accountable judgment; establish basic data and review controls; and measure results before expanding.

References

Source quality note: This report prioritizes primary reports, government or quasi-government small business data, and original industry research. Vendor studies are included where they provide useful directional insights, but their adoption and ROI findings should be interpreted with survey and sponsorship caution.

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