

The Small Business Automation Opportunity

Where AI adoption really stands, why the smallest firms trail, and a 90-day plan to start

HARBOR ADVISORY

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The Small Business Automation Opportunity

Where AI and automation adoption really stands for small firms, why the smallest trail, and a practical plan for the first 90 days.

1 Executive summary

Small businesses carry a heavy administrative load and are adopting AI more slowly than large firms. The opportunity is not a grand transformation. It is a handful of routine processes, chosen well, automated carefully and measured honestly.

Key findings

1	**Adoption is real but early.** 24.2% of US businesses used AI in any business function in the last two weeks, up from 17.3% a year earlier (US Census Bureau BTOS, 2026).
2	**The smallest firms trail.** 22.8% of US businesses with 1 to 4 employees use AI, against 44.1% of those with 250 or more (BTOS, 2026).
3	**The gap is international.** In the EU, 17% of small enterprises used AI in 2025, against 55.03% of large ones (Eurostat, 2025).
4	**Admin is a heavy tax.** Federal paperwork collections cost US small businesses over $81 billion in 2025 (SBA Office of Advocacy, 2026).
5	**Intent is rising.** 27.6% of US businesses expect to use AI in the next six months, from 21.1% in late November 2025 (BTOS).

Our view in brief

Start with the processes closest to cash: invoicing and payment chasing, then bookkeeping, scheduling, routine customer replies and weekly reporting. Run a 90-day programme, keep it cheap and judge it on hours saved. The framework, scorecard and plan in this report are Harbor Advisory's analysis, not survey findings.

> **NOTE**
> Published AI adoption figures for small businesses range from about a fifth to more than three-quarters, because they measure different things. We set them side by side and never combine them into one trend.

2 The admin burden

Small businesses are most of the economy, and most of them are run by one person, who is also the bookkeeper, the scheduler and the collections department.

A large and mostly solo base

36,207,130

US SMALL BUSINESSES

of which 82.3%, or 29,811,495, have no employees (SBA Office of Advocacy, February 2026)

$81B+

FEDERAL PAPERWORK COST

for small businesses in 2025, over 80% of the burden from the IRS (SBA Office of Advocacy, 2026)

Small businesses are 99.9% of all US firms, employ 45.9% of private sector employees (62.3 million workers), account for 43.5% of GDP and created 61% of net new jobs since 1995 (SBA Office of Advocacy, 2026).

Time lost to chasing and forms

UK businesses affected by late payment spend on average 86 hours a year chasing it (London Economics for the Department for Business and Trade, July 2025). A 2026 American Express survey of 1,000 UK SME owners, as reported by ChannelX, found owners spend an average of 11 hours a week on administrative or finance tasks, and 54% say paperwork gets in the way. We have not seen that survey itself, so treat those figures as reported.

> **DEFINITION**
> Automation here means software that completes a routine task, or a defined part of one, without a person doing it by hand each time. AI is one way to do that; rules-based tools are another, and often cheaper.

3 Where adoption stands

Every survey agrees that AI use among small businesses is rising. They disagree sharply on how far it has gone, because they ask different questions of different businesses.

The official measure

24.2%

OF US BUSINESSES USED AI

in any business function in the last two weeks (US Census Bureau BTOS, wave published 5 Nov 2026)

BTOS wave	Businesses using AI
First wave, Nov 2025	17.3%
Jan 2026	17.7%
Mid-May 2026	19.5%
Published 22 Oct 2026, peak	24.6%
Published 5 Nov 2026, latest	24.2%

The Census Bureau changed its AI question in November 2025, so this series cannot be compared with the earlier one, which ran at about 9 to 10%. In the latest wave, 26.8% of businesses say employees used generative AI for work tasks in the last two weeks, the first time that item was asked.

Six measures, six answers

Headline adoption figures differ mainly because of definition and sample. Read each one with the column that says what it measures.

Source	Headline	What it measures	Basis
US Census Bureau BTOS	24.2% used AI	AI in any business function, last two weeks	Representative survey of US businesses, Oct to Nov 2026
U.S. Chamber of Commerce	66% use AI	Any use of AI by small businesses, up from 58% in 2025	Teneo survey, 3,732 firms under 250 staff, Jul to Aug 2026
Intuit QuickBooks	77% use AI regularly	Regular use, US businesses, up from 48% in July 2024	Vendor survey, 34,000+ SMB owners in four countries, May 2026
Salesforce	75% at least experimenting	Experimenting or more, SMBs	Vendor survey, 3,350 SMB leaders, Dec 2024
OECD	31% use generative AI	Generative AI only, SMEs	Representative survey, 5,000+ SMEs in seven countries, 2024
Eurostat	20.0% used AI	EU enterprises with 10+ employees, up from 13.5% in 2024	Official statistics, 2025; firms under 10 excluded

Our reading: the Census figure is the best guide to AI in real operations, while the Chamber, Intuit and Salesforce figures capture any use of AI tools, often general assistants. Intuit's own data make the point: only 12% of US businesses with observed payment records paid for dedicated AI tools between 2021 and 2025 (Intuit QuickBooks, 2026).

4 The size gap

Adoption rises steadily with firm size, in the US and in Europe. The smallest firms, which carry the heaviest admin load per person, are the least likely to use AI.

AI use by firm size, US

Share of US businesses using AI in any business function, latest BTOS wave (US Census Bureau, November 2026). Size bands from 20 to 99 employees are not shown.

Firm size	Businesses using AI
1 to 4 employees	22.8%
5 to 9 employees	23.4%
10 to 19 employees	25.3%
100 to 249 employees	40.0%
250 or more employees	44.1%

There is movement at the bottom: use among businesses with 1 to 4 employees rose from 17.0% in November 2025 to 22.8% (BTOS).

Europe shows the same pattern

In the EU, 17% of small, 30.36% of medium and 55.03% of large enterprises used AI in 2025 (Eurostat). Firms under 10 employees are not counted at all. Among small enterprises that do use AI, 28.49% use it for organising business administration processes or management.

Why the gap exists

The surveys measure the gap, not its causes. These are the reasons we meet most often in advisory work; they are observations, not data:

Nobody owns it.	A five-person firm has no operations lead with time to choose tools.
Tools assume a team.	Many products are priced and designed for firms with IT staff.
Data lives in heads.	Processes never written down cannot be handed to software.

5 Where to start

This chapter is Harbor Advisory's prioritisation framework: our analysis from advisory practice, not survey data. Test it against your own business.

Four tests for a first automation

We rank a process higher the more of these tests it passes:

It repeats.	It happens weekly or more often, so the time saved compounds.
It follows rules.	You could write the steps on one page without "it depends".
Mistakes are cheap.	An error is easy to spot and easy to undo.
The data is ready.	Everything it needs already lives in one system.

The first five processes

Ranked by our framework for a typical owner-led service business. Your order may differ.

Process	Why it ranks here	Start with	Keep a person on
Invoicing and chasing	Closest to cash, highly repetitive, clear rules	Invoices raised on job completion and scheduled reminders	Disputes and long-standing customers
Bookkeeping	Weekly, rule-based, data already in bank feeds	Bank feed categorisation and receipt capture	Month-end review and tax decisions
Scheduling	Frequent, low risk, customers like self-service	Online booking with automatic confirmations	Exceptions and double bookings
Customer replies	Many repeat questions, quick to measure	Drafted answers to the ten most common questions	Complaints, refunds and anything sensitive
Reporting	Weekly numbers assembled by hand	A scheduled one-page summary from existing systems	Deciding what the numbers mean

> **TIP**
> Before buying anything, check what your accounting, booking and email software can already automate. Reminders, rules and templates often sit unused.

6 Readiness and the first 90 days

Score your readiness before buying a tool, then follow a twelve-week plan small enough to finish. Both are Harbor Advisory working tools, not benchmarks.

Automation readiness scorecard

Score each row 0 (not yet), 1 (partly) or 2 (yes).

Area	Ready looks like	Your score
Process map	Each target process is written down as numbered steps	
Data in one place	Customer, job and invoice data live in one system, not in inboxes	
Clean records	Bank feeds reconcile and customer records are current	
A named owner	One person is responsible for each automation	
Rules for AI	You have written down what AI may do with customer data	
A baseline	You know how long each target task takes today	
A fallback	Someone can do the task by hand if the tool fails	

> **EXAMPLE**
> 10 to 14 suggests starting two processes this quarter; 6 to 9, fixing records and ownership first; 0 to 5, spending the first month on the basics. These bands are our guidance, not research thresholds.

A 90-day plan

The plan runs in six stages:

Week 1.	List every recurring admin task, time each one for a week and complete the scorecard.
Week 2.	Pick two processes using the four tests, starting with invoicing and chasing if it applies.
Week 4.	Clean the data the first process needs and write its rules on one page.
Week 6.	Run the first automation alongside the manual process and compare the results.
Week 9.	Retire the manual version, start the second process and agree your AI rules.
Week 12.	Measure hours saved against the week 1 baseline and choose what comes next.

7 Governance and recommendations

Automation tends to fail quietly, so governance comes before scale. This chapter sets out the risks we see most often in small firms, each with a simple control, and Harbor Advisory's recommendations, which are judgements based on the evidence and framework in this report, not findings.

Five risks and their controls

Customer data.	Check where each tool stores data, and whether it trains on it, before connecting anything.
Confident errors.	AI drafts can be fluent and wrong. A person approves anything sent to a customer or a tax authority.

Tool sprawl.	41% of US small businesses already use 6+ platforms (U.S. Chamber of Commerce, 2026). Add a tool only when it replaces one, and review costs quarterly.
Agents acting alone.	24% use an agentic AI tool (U.S. Chamber of Commerce, 2026). Give agents read-only access until they have earned more.
People.	47% of small businesses say AI is creating jobs today and 6% say it enables headcount reductions (U.S. Chamber of Commerce, 2026). Tell staff what is changing and why.

> **WARNING**
> Never automate a process you cannot describe. Automating a muddle makes it faster, not better.

Five moves for the next quarter

1	**Start with money in.** Automate invoicing and payment reminders first, where saved time and cash flow improve together.
2	**Measure before you buy.** Time each target task for one week, so the saving can be proved or disproved.
3	**Prefer boring tools.** Rules and templates inside software you already pay for often beat a new AI product.
4	**Write your AI rules.** One page on what AI may do with customer data, and who approves its output.
5	**Review every quarter.** Keep what saves time, cancel what does not, and pick the next process.

> **TAKEAWAY**
> Advisers and accountants already see the books and the bottlenecks. In our view they are best placed to close the size gap, by running the scorecard with clients at the quarterly check-in.

Methodology and sources

Each source was checked on 8 November 2026 on the publisher's own page, data file or report unless marked secondary. Figures keep the publisher's wording, and different measures or sources are never combined into one series or chart. Only the new BTOS AI series (from November 2025) is used. The framework, scorecard, plan and recommendations are our analysis.

Sources

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Questions about this report: advice@harbor.example

Find your first three automations

- [ ] Send us a list of the admin tasks that fill your week
- [ ] We score each one against the readiness scorecard
- [ ] You receive a written 90-day automation plan, with costs

Book an automation review