

gusto

AI for Small Business:

A Data-Driven Guide to Start,
Scale, and Succeed with AI



From our Head of Technology: Why AI is Small Business's Next Big Advantage

The last two years have seen an explosion of interest in generative AI—and we're still just at the beginning. For most small businesses, AI remains uncharted territory. According to our latest data, two-thirds of small businesses are experimenting with GenAI tools, but only 15% use them regularly in their business today. That's about to change.

At Gusto, we work with hundreds of thousands of small businesses across the country. We've seen firsthand how AI is starting to shift the playing field. Across the board, small businesses that use AI - even occasionally - are seeing real results: higher productivity, stronger customer communication, better decision-making. Four in five GenAI users report a 20% boost in productivity. Nearly half say their revenue is up by that much or more.

What's striking is how much of this is happening through small, simple use cases. AI is helping business owners draft better emails, summarize handbooks, clean up messy spreadsheets, and surface new ideas. It's not replacing people - it's helping them focus on what matters most.

We believe that's the real promise of AI: not to replace humans, but to augment them. And that's the philosophy we're bringing to the products we build at Gusto. Our AI assistant, Gus, is designed to act like a teammate - drawing on the payroll, benefits, and workforce data you've already given us to help you move faster, communicate more clearly, and make smarter decisions. We're building it to handle the administrative weight, so you can focus on the work that grows your business.

Of course, adoption isn't always easy. Many small businesses tell us they don't know where to start, don't have time to figure out new tools, or feel uncertain about data privacy. That is why we put together this guide - to help you start small, build confidence, and discover where AI can make the biggest impact for your team.

The sooner we equip small businesses to use AI safely and effectively, the sooner we'll see its full potential for small businesses everywhere.

At Gusto, we're excited to build that future with you.



Eddie Kim
Head of Technology, Gusto

What's in this Guide

This playbook is designed for small business owners who want to start using AI - or get more from the tools they're already using. You can read it cover to cover or jump straight to the section that matches your interest. Each part includes quick tips, examples, and clear takeaways to help you put AI to work today.

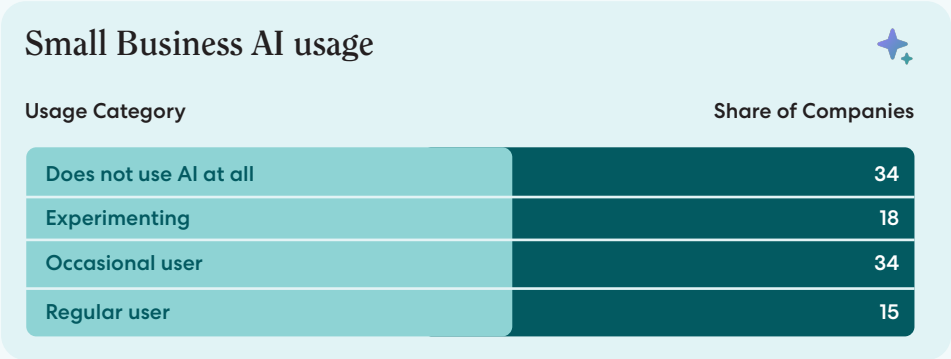
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Chapter 1

Where Small Businesses Stand with AI Today

Most Small Businesses Are Still Early in Their AI Journey.

Two-thirds of small businesses are experimenting with GenAI tools, however only about 15% are using AI regularly in their business today.



The Adoption Curve is Steepening, and Interest is Quickly Turning into Action.

Today just 5% of small businesses report that AI handles a third or more of the work in their business. That’s about to change. Nearly 60% expect that within five years, AI will handle at least one-third of the work in their business.



Chapter 2

Why Small Businesses Are Using AI

The Results Speak for Themselves. GenAI is Driving Real Innovation for Small Businesses.

Sixty-one percent of small businesses say that using AI has made their business more innovative - with 48% reporting a modest boost and 13% a significant one. And it's not just about new ideas — it's about leveling the playing field.

More than half of small businesses agree or strongly agree that advances in AI are making it easier for them to compete with larger companies. Small business owners are seeing how AI helps them do more with less - and compete more effectively against larger companies.

Beth Napleton
CEO of LevedUp Leadership

"AI has helped us turn one-off knowledge into reusable SOPs and playbooks, so even on unfamiliar topics, our team can produce aligned, high-quality work. Clear guidelines—and custom AI tools that enforce them—keep everyone on the same page."

Why Are Small Businesses Turning to AI? Because it Works.

Business owners are using GenAI to speed up daily tasks, cut down on repetitive work, and spark fresh ideas. It's helping teams work smarter, respond faster, and spend more time on the work that actually grows the business.



How Are Small Businesses Benefitting from AI?

Small businesses are seeing real impact - even from light or occasional AI use. The most common benefits include increased productivity, improved work quality, and greater innovation. Also you don't need to overhaul your operations to see results. Many small businesses report measurable gains even from light usage.

The upside is clear: even small steps can lead to big improvements.

Top Reasons Small Businesses are Adopting AI Into Their Business			
% of small businesses in each usage group that report experiencing this benefit			
Benefits SMBs Get From AI	Experimenting With AI	Occasional AI user	Regular AI user
Increases productivity	46	69	71
Reduces the time spent on tedious or repetitive tasks	44	57	70
Improves the quality of work	36	51	58
Enhances innovation and problem-solving at the business	31	34	51

AI Isn't Just Saving Time - It's Delivering Real Results. From Productivity to Profit, GenAI is Driving Tangible Gains for Small Businesses

Four out of five small businesses using GenAI report a 20% or greater boost in productivity from using GenAI in their business. And for many, that extra output is turning into revenue growth: 40% of small businesses say that using AI has led to a 20% or greater jump in revenue.

Reported Productivity Gain from GenAI	
Increase in Productivity from GenAI	Share of Companies
No Increase	20
20%	62
More Than 20%	18

Reported Revenue Gain from GenAI	
Increase in Revenue from GenAI	Share of Companies
No Increase	59
20%	34
More Than 20%	7

Chapter 3

Why Small Businesses Are Using AI

Overcoming Common Barriers

Feeling Stuck With How to Implement AI in Your Business? You're Not Alone

Adopting AI comes with its own set of challenges, especially for small businesses navigating this space without IT teams or dedicated resources.

The Biggest Hurdle? Knowing Where to Get Started.

50% of small businesses that aren't using AI today say a key reason is because they don't know how they would use or implement the technology in their business practices. Small businesses face a range of challenges when it comes to adopting AI. The most common hurdle is a lack of technical expertise to get started with confidence. Data privacy is also a major concern — especially when handling customer or employee information. And for many, the overwhelming number of AI tools on the market — combined with uncertainty about how to integrate them into existing workflows — creates yet another barrier to taking the first step.

These Concerns Are Real. But They Can Be Overcome.

For many small businesses, the hardest part of adopting AI is simply taking the first step. With so many tools and use cases, it can feel overwhelming, especially without a technical background or dedicated resources.

Lack of Technical Expertise

Without dedicated IT teams or technical staff, many business owners feel unsure about how to evaluate tools, set them up, or use them effectively.

The good news? You don't need to be an expert to get started. Most successful small businesses begin with simple, low-risk tasks and learn through trial and error, building confidence over time.



Data Privacy Matters

Businesses cite data privacy concerns as one of their top challenges when considering AI tools. If privacy is a concern, and it is for many small businesses. Look for tools that clearly explain how your data is handled — including options that don't use your information to train their models. Many leading tools offer privacy safeguards that are more than sufficient for small business needs.

Even better? Use embedded AI tools that are purpose-built for small businesses with privacy and security in mind. For example, Gus, Gusto's AI assistant, is designed specifically for small businesses — with guardrails, PII protection, and compliance baked in from day one.



Choosing the Right Tools is Also a Very Common Concern.

With so many options on the market, and new ones emerging every week, it's easy to feel overwhelmed.

Many small businesses worry about picking the wrong solution, wasting time or money, or struggling to integrate it into their existing workflow. That's why the best approach is to start with a clear goal and work backward: focus on the problem you want to solve, then find a simple tool that addresses it.

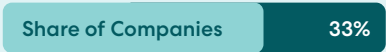


Keeping The Human Touch

Building trust and connection with customers is a core strength of small businesses, and it's critical not to lose that edge.

To avoid losing the human touch in your business, start by using AI to support, not replace, human interaction. Automate back-office tasks, like summarizing notes or drafting first drafts of emails, to free up time for you and your team to focus on meaningful, person-to-person engagement.

When AI is used behind the scenes - to streamline workflows and enhance communication - it can help make your business feel more personal, not less.



Helping Your Team Use AI Effectively

Equipping your team with the skills to use AI confidently is essential to realizing its full potential.

Most small businesses take a practical, do-it-yourself approach. **Over half (51%) encourage employees to learn through hands-on experimentation, while 23% offer employee-led training, and 10% provide mentorship or peer-based support to help colleagues learn from one another.**

The benefits are clear: six out of ten businesses that provide AI training have boosted productivity by more than 20%, compared to around three in ten businesses without an AI training program. The data underscores a simple truth: investing in employee readiness pays dividends in performance.



Chapter 4

Laying the Right Foundations for AI Success

A Simple Roadmap Can Double Your Impact

Most small businesses are exploring AI without a formal plan. In fact, more than 80% of small businesses report having no defined AI strategy or roadmap in place.

Yet the data shows that even a basic plan can make a meaningful difference. Businesses with an AI strategy or roadmap in place are more than twice as likely to report significant productivity gains.

Your strategy doesn't need to be complicated. A simple roadmap outlining where AI can help, how you'll test it, and what success looks like is often enough to align your team and accelerate results.

Refer to our Quick Start Guide for practical steps to create your own AI adoption plan.



Set Clear Guidelines For Your Team

Setting internal guidelines is one of the simplest and most effective steps you can take to ensure AI is used responsibly in your business. Right now, only 15% of small businesses have any kind of AI usage policy in place for their employees. But those that report more benefits from AI use in their business including higher productivity.

Why? Because when employees know what's allowed and what's not they can use AI with more confidence. Guidelines reduce confusion, help prevent risky behavior (like sharing sensitive data with public tools), and create a shared understanding of how AI should fit into your day-to-day operations.

Training Plays a Major Role in Getting Real Results From AI

Among small businesses reporting the biggest productivity gains, 60% provide some form of training to their employees, whether it's peer-led sessions, online tutorials, or just time to experiment.

Formal training isn't the norm for most small businesses, and it doesn't need to be. Many are taking a DIY approach that works. The key is creating space for employees to learn and explore.

Start simple:

- Block time for teams to test AI tools like ChatGPT or Claude. Take it a step further: If possible, allow employees to expense the basic ChatGPT subscription. This small benefit can encourage more experimentation and help them become faster, more confident users.
- Set aside time in team meetings for the team to share helpful prompts or use cases with each other.
- Set up a shared space, like a Slack channel or document to collect examples
- Encourage peer mentoring or “show-and-tell” sessions

Small Business AI usage



Productivity Gains	Does not Provide Training to Employees on AI Use	Does Provide Training to Employees on AI Use
No increase	79	20
20%	51	44
more than 20%	34	60

The goal isn’t to become AI experts overnight — it’s to build confidence, spark ideas, and create momentum. When your team feels empowered to try, learn, and share, the results will follow.

Case Study: Building Alignment and Client Trust with AI Training

Chief Collective | Kristin Cronin, Founder

At Chief Collective, a strategic communications and brand consultancy, consistency is everything. Kristin Cronin, Chief’s co-founder and CEO, saw that AI could boost quality and efficiency—but only if her team used it the same way. She implemented company-wide AI training covering both technical skills and decision-making frameworks.

The result? Every employee approaches client work with shared methods, prompts, and standards—eliminating “rogue” workflows and reducing variability in deliverables. Trained staff now use AI to aggregate information from multiple sources, organize it, and present it accurately, cutting down on errors and ensuring everyone works from the same centralized data.

continued...

AI fluency has also strengthened internal communication. Employees can quickly summarize updates, flag issues in real time, and keep projects moving smoothly between handoffs. For clients, this consistency builds trust—reinforced by knowing the entire team is fluent in the latest tools.

By investing in training early, Chief Collective positioned itself as a forward-thinking partner in its industry. Kristin's team isn't just using AI to save time—they're using it to raise the bar on quality, strengthen client relationships, and set themselves apart from competitors.

Takeaway

To get the most out of AI, it helps to have a strategy. Small businesses with a clear AI roadmap are more than twice as likely to see major productivity gains compared to those without one.



Chapter 5

Getting Started: Quick Start Guide

Start With Simple, High-Impact Tasks — Then Scale From There.

Many small business owners begin using AI in the areas where they spend the most time: things like



Writing emails, creating content, summarizing information, or searching for answers.

These tasks may seem small, but they're perfect for getting started – they happen often, take up valuable time, and are easy to test with AI.

The most common ways that small businesses are using AI today include summarizing and communicating information. These are practical, day-to-day activities where AI can deliver quick wins. Starting with simple tasks builds confidence — and gives you a foundation to grow from.

Bigger Use Cases, Bigger Impact

As businesses get more comfortable with GenAI, many begin using it for higher-leverage tasks. Using AI for strategic work often delivers the strongest results. This includes things like help with business planning, compliance, market research, product development, or data analysis.

Businesses using GenAI to help with their business strategy are six times more likely to report significant innovation. They're also nearly three times more likely to see productivity gains of 20% or more.

Prompting Tips to Help You Get Started

The more detail you give, the better the results. Here's how to get more out of every prompt:

- **Add context.** Tell the AI who you are and who it's for:
"I own a bakery and I'm writing to a longtime customer."
- **Set the tone.** Ask for a casual, professional, or playful voice:
"Make it friendly and informal."
- **Be specific.** Instead of "write an email," try:
"Write a 3-sentence follow-up email to a client who missed their appointment, reminding them to reschedule."
- **Give examples.** If you like a certain style, paste in a sample and say:
"Write something like this."
- **Refine and repeat.** If the first answer isn't perfect, suggest edits yourself, feed them back to the AI, and ask it to revise:
"Make it shorter," "Add a headline," or "Make it sound more enthusiastic."



AI gets better the more you use it — and the more you coach it, the more it feels like a teammate.

A formal strategy isn't required to begin using AI. However, establishing a simple framework can significantly improve outcomes. Small businesses that approach AI adoption with even a basic plan are **twice as likely** to see notable productivity gains from AI.

Measuring AI's Impact

Measuring the impact of AI is essential, not only to understand what's working, but to inform where and how to scale its use across your business. Fortunately, tracking results doesn't need to be complex.

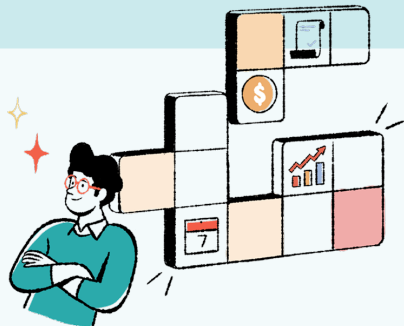
Tracking even basic outcomes can help you see what's working, build buy-in from your team, and make smarter decisions about where to invest next. It also helps you avoid wasting time on tools or tasks that aren't delivering value. Look for changes in everyday metrics like:

- **Time saved:** Are employees completing tasks faster?
- **Cost per deliverable:** Are you spending less on outside help, contractors, or software?
- **Revenue per employee:** Are you getting more output with the same headcount?
- **Response times or error rates:** Are you serving customers more quickly and accurately?

Example: if a task that previously took an hour now takes 15 minutes, that's a measurable efficiency gain. If AI helps your team respond to customers more quickly or reduce reliance on outside services, those are tangible benefits.

Seth Walser
CEO of InteGrant

"By mapping out exactly where AI could add value in our grant writing and capital campaign projects, we pinpointed which tasks improved with AI—like drafting proposals and summarizing research—and which were better left to humans. That clarity let us bake the right tools into our workflows, saving hours each week while boosting the quality of our final deliverables."



Developing a Practical AI Roadmap

A formal strategy isn't required to begin using AI. However, establishing a simple framework can significantly improve outcomes. Small businesses that approach AI adoption with even a basic plan are **twice as likely** to see notable productivity gains from AI.

To build an effective roadmap, start by addressing three foundational questions:

1. Where can AI provide immediate value?

Identify one high-frequency, low-risk task where AI can help — such as writing, summarizing information, or responding to customer inquiries. These are areas where many small businesses feel comfortable experimenting and can quickly see value without major disruption.

2. How will we test and evaluate tools?

Identify one high-frequency, low-risk task where AI can help — such as writing, summarizing information, or responding to customer inquiries. These are areas where many small businesses feel comfortable experimenting and can quickly see value without major disruption.

3. What does success look like?

Use the measurement guidelines above to define what success means for your business — whether it's time saved, improved quality, or reduced costs. Clear metrics will help you track progress, build buy-in, and guide future investment.

By beginning with one clear goal, you can bring AI into your business in a way that's manageable and sustainable. You'll build confidence, see value early, and create a strong foundation to grow from — without adding complexity or stretching your team too thin.

Chapter 6

Leveling Up: From Tool to Teammate

Build Trust Over Time

At first, AI can feel daunting — with so much to learn, so many possibilities, and plenty of ways it could go wrong. But the key is to start small. As you begin to use it regularly, it becomes less overwhelming and more useful. Over time, AI can shift from something unfamiliar to a trusted part of how your business runs day to day.

Think of it like bringing on a new employee.

You start small, give them a simple task, check their work, and offer feedback. As they learn you trust them with more. AI works the same way. The more you delegate, test, and refine, the more useful it becomes.

Chapter 7

What's Next... Starts Now

GenAI tools are evolving quickly. Today's assistants are helpful, but tomorrow's agents will go even further; proactively completing tasks, managing tools, and coordinating workflows with minimal input. They'll complete tasks, manage systems, and take initiative across workflows.

Right now, only **17%** of Small businesses are using AI agents. But interest is growing fast: **More than 40%** of small businesses are already exploring or planning to adopt AI Agents into their business.

And expectations are rising too. In fact, nearly 60% of small businesses expect that within five years, AI will be doing at least one-third of their team's work.

By starting small today, small businesses can build the skills, confidence, and systems needed to thrive tomorrow. Those that experiment now will be ready to lead as AI capabilities continue to grow and create new opportunities for small businesses.

