

Small Businesses and AI

Results of a Survey of Small Business Owners about
the Impact of Artificial Intelligence on their Businesses



 **tri counties bank**
California's *local* bank

Contents

- 1 Introduction
- 2 Summary
- 3 Key Findings
 - 4 The Impact of AI
 - 5 The Use of AI
 - 6 The Top Objectives of Using AI
 - 8 The Top Back-Office Functions Supported by AI
 - 10 AI and Cost Savings
 - 11 AI and Staff Reduction
- 12 About Tri Counties Bank



Introduction



Tri Counties Bank's commitment to California communities includes helping businesses understand critically important changes in the marketplace. That's why I'm so excited to introduce this new Tri Counties Bank research report on Small Businesses and Artificial Intelligence (AI). This study provides key insights into how small business owners are approaching AI, its impact on productivity, and its influence on profitability.

To conduct this research, Tri Counties Bank partnered with The Harris Poll, a leading global market research firm, surveying more than 300 small business owners across diverse U.S. industries.

Highlights from the study include:

- **AI adoption is accelerating**

Most small businesses are already using AI and expect positive outcomes, particularly in productivity gains and reduced labor costs.

- **Optimism is strong**

83% of owners believe AI will benefit their business, regardless of current usage.

- **Usage trends**

73% actively use AI, with 20% using it extensively; 14% more plan to adopt soon.

- **Primary goals**

Increase productivity, automate routine tasks, improve accuracy, generate reports and manuals, and boost profitability.

- **Labor cost savings**

51% anticipate reductions of 6–20%, mainly among line staff, with minimal impact on management roles. Only 22% expect no staff reductions.

- **Top applications**

Marketing and creative content, data entry, and document management.

Supporting businesses through changing economic conditions has always been a top priority for Tri Counties Bank. As *California's Local Bank*, we are committed to empowering businesses with superior service, innovative digital solutions, and unwavering partnership through every challenge and opportunity that lies ahead.

A handwritten signature in black ink, appearing to read "Richard P. Smith".

Richard P. Smith
Tri Counties Bank
President, CEO, and Chairman of the Board

Summary

Small businesses are embracing Artificial Intelligence (AI).

Most are using it in some capacity and have high expectations for its impact on their business – especially with regard to increased productivity and decreased labor costs.

Small Business Owners (SBOs) believe AI is likely to have a favorable impact

Most actively use AI

Most SBOs (83%) believe the impact of AI on their business is likely to be favorable – regardless of their current use.

Increased productivity is a top objective

Three in four SBOs (73%) are actively using AI in their company, with 20% using it extensively. Another 14% plan to start using AI.

Use AI for back-office functions

The main objectives among those using or open to using AI would be to increase productivity (53%), help produce reports, papers or manuals (49%), automate routine tasks (47%), improve accuracy (47%), and increase profitability and overall earnings (44%).

Expect savings in labor costs with AI

For SBOs that currently use AI, the top small business back-office functions supported by AI include marketing and creative content (53%), data entry (46%), and document management (44%).

Anticipate staffing reductions

The majority of SBOs (77%) would expect labor cost savings if AI were implemented. One in ten (10%) believe it would be 5% or less, 51% say it would be in the range of 6–20%, and 16% estimate that it would exceed 20%.

Most SBOs anticipate staffing reductions from the use of AI. The greatest impact would likely be on full-time (35%) and part-time (31%) staff; management positions would have minimal impact (14%). Only 22% of SBOs would not envision any staff reductions if AI were implemented.

Methodology

This survey was conducted online within the United States by The Harris Poll on behalf of Tri Counties Bank from November 6–11, 2025 among 306 Small Business Owners (defined as CEO, CFO, Owner, Partner, or President). The sampling precision of Harris online polls is measured by using a Bayesian credible interval. For this study, the sample data is accurate to within +/- 5.6 percentage points using a 95% confidence level.

Key Findings

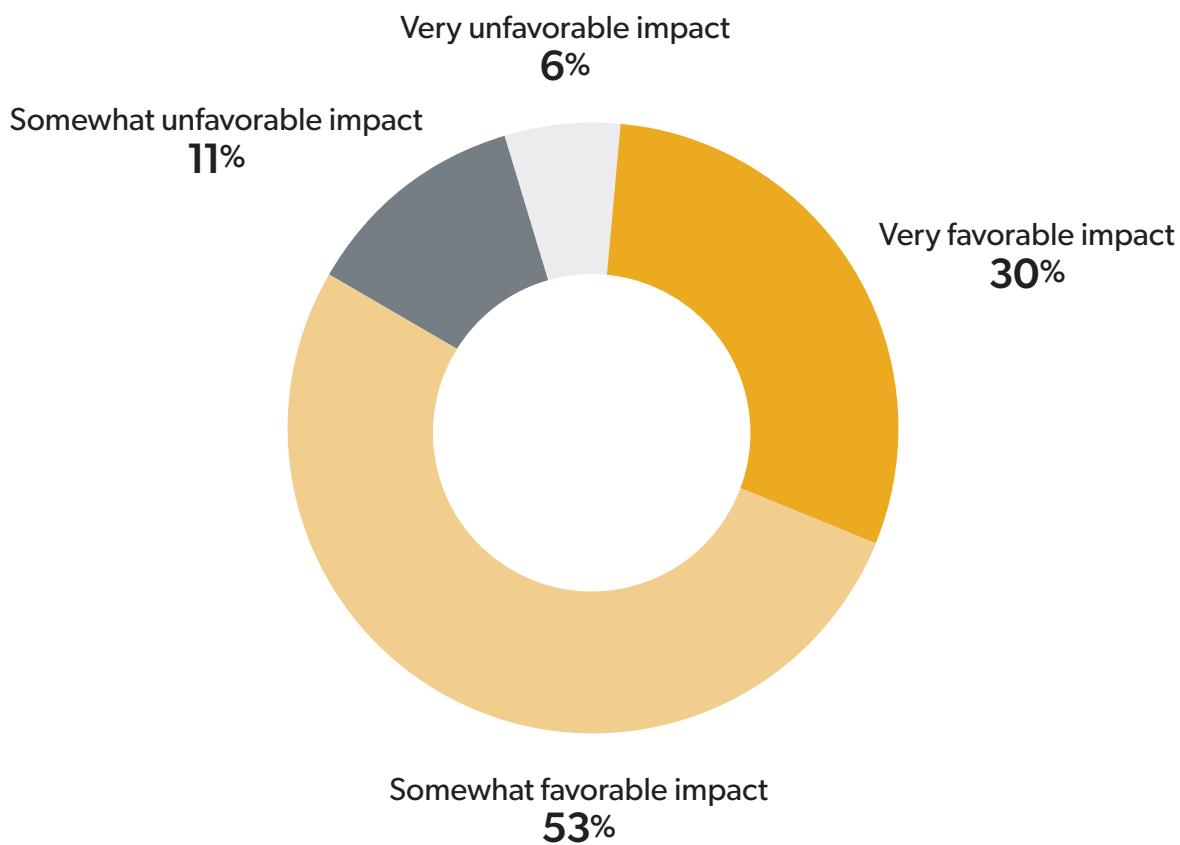


THE IMPACT OF AI

Eight in ten (83%) of Small Business Owners (SBOs) say that AI is likely to favorably impact their company, with 30% indicating it will have a very favorable impact and 53% noting it would be a somewhat favorable impact. Only 17% of SBOs believe there would be an unfavorable impact to their company as a result of AI.

How AI is likely to impact company

Base: U.S. small business owners (n=306)

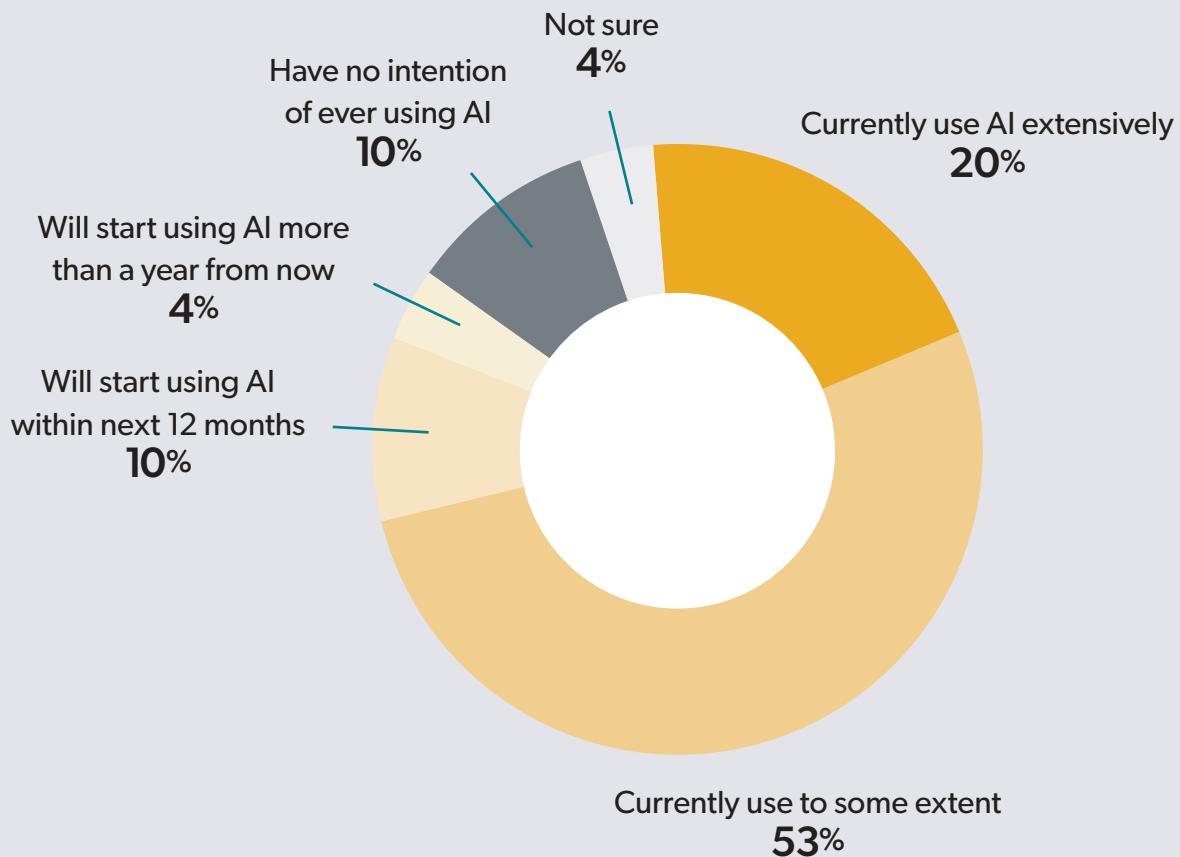


Survey Question | AI (Artificial Intelligence) refers to any software, system, or tool that performs tasks typically requiring human input such as reasoning, decision-making, creating, etc. Regardless of your current use, overall, how is AI likely to impact your company?

THE USE OF AI

Most small businesses (73%) are already using AI in their company – with one in five (20%) using it extensively and over half (53%) using it to some extent. Another one in seven Small Business Owners (SBOs) (14%) plan to start using AI. One in ten SBOs (10%) have no intention of ever using AI, while 4% are unsure.

Current use of AI
Base: U.S. small business owners (n=306)



Survey Question | Which statement best describes your company's current use of AI?

THE TOP OBJECTIVES OF USING AI

Among U.S. Small Business Owners (SBOs) that use or are open to using AI, the primary objectives are related to productivity and efficiency, content generation, and quality, as noted below.

Productivity and Efficiency

- Increase productivity, e.g., with process optimization, intelligent scheduling, etc. (53% indicate it is or would be an objective of using AI).
- Automate routine tasks to give employees time to focus on more important tasks (47%).
- Suggest efficiencies to business processes (40%).
- Reduce physical risks, e.g., through automation of dangerous tasks, predictive maintenance, etc. (18%).

Content Generation

- Help produce reports, papers and/or manuals with information that is provided (49%).

Quality

- Improve accuracy, e.g., minimize human error, pattern recognition, etc. (47%).
- Improve decision-making and/or recommendations (41%).
- Enhance customer experience, e.g., with 24/7 service, personalization, etc. (38%).

Financial Results

- Increase profitability and overall earnings (44%).
- Reduce operational costs, e.g., chatbots for customer support, supply chain efficiency, etc. (41%).
- Reduce staffing or labor costs, e.g., with resource allocation, etc. (26%).

Competitiveness

- Gain a competitive advantage in the market, e.g., by being able to perform faster or more cost-effectively than competitors (39%).
- Develop or introduce new products or services (29%).
- Lower prices, e.g., through dynamic pricing, targeted discounts, etc. (27%).

Objectives of Using AI

Base: U.S. Small Business Owners that use/are open to using AI (n=262). Multiple responses allowed.



Survey Question | AI tools are capable of a wide range of tasks and outputs. For a company like yours, what are/would be the objectives of using AI? Please select all that apply.

THE TOP BACK-OFFICE FUNCTIONS SUPPORTED BY AI

Main Functions Supported

Among small business owners that use AI in their company, marketing and creative content such as presentations, documents, and personalization, is the back-office or non-customer facing function supported most often by AI, as noted by a majority of SBOs (53%).

Additional functions using AI most often are data entry (46%), document management (44%), inventory management (38%), administrative support (38%), and accounting/bookkeeping (37%).

Additional Functions Supported

A number of additional back-office functions are supported to a lesser extent according to SBOs. These include HR management, e.g., resume screening, automated payroll processing, etc. (27%), sales or sales management (27%), payroll (27%), IT support (24%), and legal and compliance tasks, e.g., contract reviews, regulatory updates, etc. (24%).

No Support

One in 12 SBOs (8%) that use AI says that it provides no support to back-office functions in their company.

Back-Office Functions Supported by AI

Base: U.S. Small Business Owners that use AI (n=220). Multiple responses allowed.



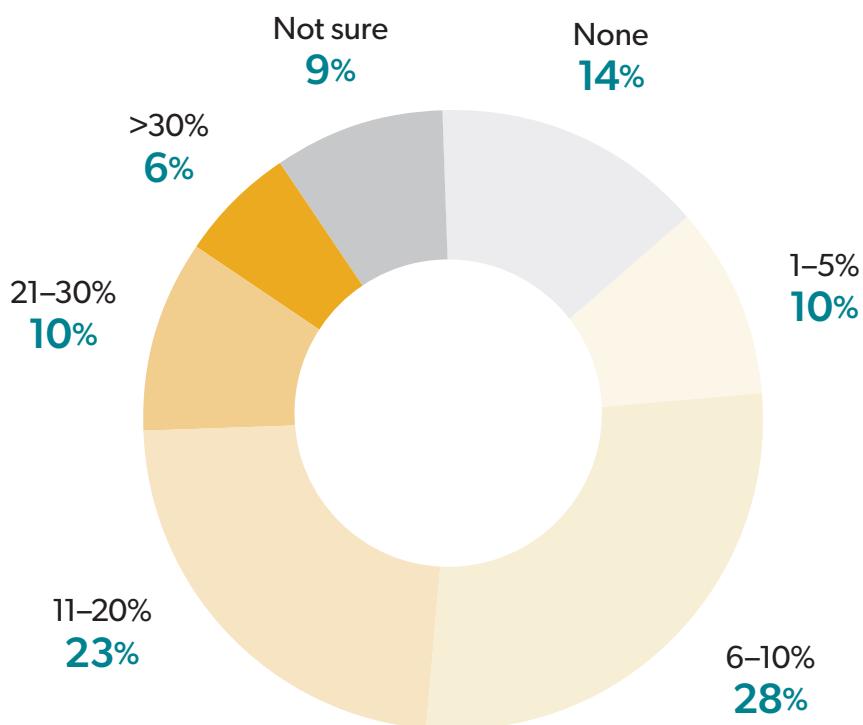
Survey Question | Which back-office functions (i.e., non-customer facing), if any, are supported by AI in your company? Please select all that apply.

AI AND COST SAVINGS

Most Small Business Owners (SBOs) (77%) are able to estimate the labor cost savings if AI were implemented in their business. One in ten SBOs (10%) would expect labor cost savings of 5% or less if AI were implemented for that purpose. This compares to one-half (51%) that anticipate the cost savings for their company to be in the range of 6% to 20% (with 28% at 6–10% and 23% at 11–20%). Another 10% of SBOs believe labor cost savings would be 21–30%, while 6% say it would exceed 30%. One in 11 SBOs (9%) are unsure of the cost savings, while 14% would not expect any labor cost savings if AI were implemented to reduce those costs.

Expected labor cost savings for company if AI were implemented

Base: U.S. Small Business Owners (n=306)



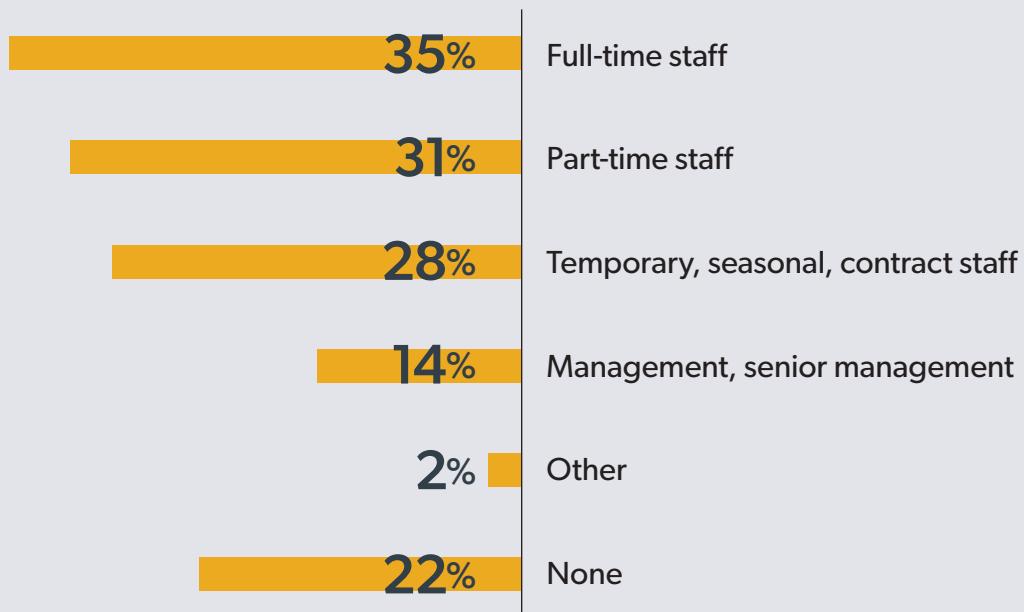
Survey Question | If you were to implement AI to reduce your labor costs, what would you expect the cost savings to be?

AI AND STAFF REDUCTION

About one in three small business owners would expect reduced labor costs among full-time (35%) and part-time (31%) staff if AI were implemented, while 28% believe the cost for temporary, seasonal, or contract staff are likely to be reduced. In comparison, only one in seven (14%) small business owners would anticipate staffing cost reductions in management positions. One in five (22%) small business owners would not envision any staff cost reductions if AI were implemented.

Type of employees likely to experience staffing cost reductions if AI were implemented

Base: U.S. Small Business Owners (n=306). Multiple responses allowed



Survey Question | Which type of employees would you expect to see staffing/labor costs reduced for by implementing AI? Please select all that apply.

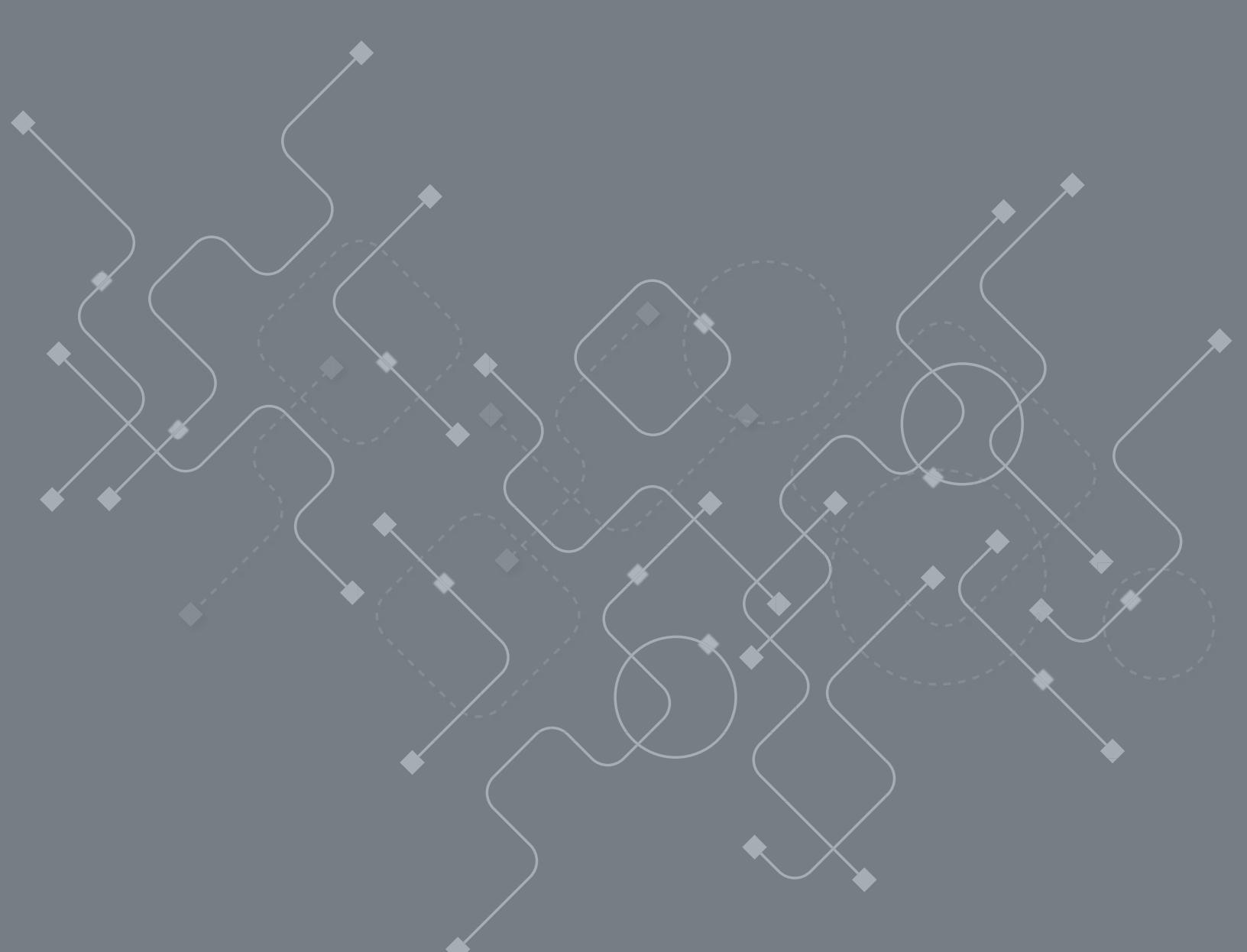
About Tri Counties Bank

Established in 1975, Tri Counties Bank is a wholly-owned subsidiary of TriCo Bancshares (NASDAQ: TCBK) headquartered in Chico, California with corporate offices in Roseville, South San Francisco, and Bakersfield, with assets of nearly \$10 billion and 50 years of financial stability.

Tri Counties Bank is dedicated to providing exceptional service for individuals and businesses throughout California with more than 75 locations, advanced mobile and online banking, and access to approximately 40,000 surcharge-free ATMs nationwide.

As *California's Local Bank*, Tri Counties Bank prioritizes serving clients with local bankers and local decision-making, backed by corporate philanthropy, community engagement, employee volunteerism, and investments. Recognized by various publications as among the Top Workplaces and Best Banks, Tri Counties Bank recruits and retains diverse and talented team members.





This document is intended to be informational only and is not exhaustive or conclusive. It is not intended to serve as a recommendation or solicitation for the purchase or sale of any particular product or service. It does not constitute advice and is issued without regard to any particular objective or the financial situation of any particular individual. Some of the information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness. Other information represents the opinion of Tri Counties Bank and is not intended to be a forecast of future events or a guarantee of future results. Tri Counties Bank and its representatives do not provide tax, accounting or legal advice. Each individual's financial situation is unique. You should consult your tax, accounting and/or legal advisor for advice and information concerning your particular situation.



1-800-922-8742 | TriCountiesBank.com