

RESEARCH REPORT

Workforce Development

Canadian SME AI Readiness Report 2025: Baseline Findings

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EXECUTIVE SUMMARY

First-year baseline survey of 380 Canadian SMEs measuring AI tool awareness, adoption barriers, and training investment across five sectors. This report establishes the benchmark metrics tracked in CSBAA's ongoing Annual Benchmark series, providing the first systematic snapshot of where Canadian small businesses stood at the start of the AI adoption curve.

The picture in late 2025 is one of accelerating but shallow adoption: regular AI use has grown by nearly half year-over-year, yet most of that use is ad hoc, concentrated in administrative tasks, and unsupported by any training plan. The gap between tool access and structured capability — visible in every sector surveyed — defines the benchmark this series will track in the years ahead.

1. NATIONAL CONTEXT

This survey lands at an inflection point in Canadian business AI adoption. Statistics Canada's Canadian Survey on Business Conditions found that 12.2% of businesses used AI to produce goods or deliver services in the second quarter of 2025 — double the 6.1% recorded a year earlier — with a further 14.5% planning to adopt within the next 12 months.¹ Broader measures that include informal generative AI use run much higher: CFIB's 2025 digital technology survey found 45% of businesses reporting GenAI use for tasks,² and a Microsoft Canada study of SMB decision-makers put combined AI/GenAI use at 71%.³

The spread between these figures is itself the story: formal, production-level adoption remains a minority position, while informal task-level use is already widespread. What is scarce is structure. A 2025 KPMG Canada snapshot found only 24% of Canadian employees have received any AI education or training,⁴ and CFIB's analysis shows the smallest firms investing in AI at markedly lower rates than firms with 20–49 employees (42% vs. 62%).²

The payoff for those who do adopt is well documented: BDC reports that 97% of SMEs that adopted AI saw tangible benefits,⁵ and CFIB finds SMEs using GenAI save on average 1.08 hours per day.² Against this backdrop, CSBAA's baseline survey focuses specifically on the small-business segment — where national surveys are thinnest — and on the readiness dimensions national data does not capture: awareness, barriers, and training investment.

2. METHODOLOGY

Online survey conducted August–September 2025 with 380 Canadian SME owners, executives, and operations managers across Ontario, British Columbia, Alberta, Quebec, and Atlantic Canada. Respondents were drawn from five sectors: professional services, retail and hospitality, construction and trades, manufacturing, and health and community services.

- **Instrument** — 34-item structured questionnaire covering tool awareness, current use, use cases, barriers, and training provision, with sector and size quotas
- **Screening** — respondents limited to organizations with 1–199 employees and decision-making authority over technology or training
- **Comparison base** — results benchmarked against CSBAA's 2024 landscape scan and, where measures align, against Statistics Canada and CFIB published series

All percentages reported are from the 2025 CSBAA survey unless a numbered source is cited. Sector cells below n=40 are flagged as indicative. The same instrument will be re-fielded annually to build the Annual Benchmark series.

3. ADOPTION: WHERE CANADIAN SMEs STAND

3.1 Regular use is growing fast from a low base

41% of surveyed SMEs report using at least one AI tool regularly in operations, up from 28% in the 2024 landscape scan — a 46% relative increase in a single year. The direction matches national data (Statistics Canada recorded a doubling of formal business AI use over roughly the same period¹); the higher absolute level reflects this survey's broader definition, which counts regular task-level use of general-purpose tools, not only AI embedded in production.

3.2 Adoption by sector

Sector variation is wide and consistent with national industry patterns, where information, professional services, and finance lead adoption.¹

Sector	Regular AI use	Has formal training plan
Professional services	58%	39%
Health & community services	44%	31%
Retail & hospitality	38%	24%
Manufacturing	33%	22%
Construction & trades	27%	18%

CSBAA Baseline Survey 2025 (n=380). Sector adoption figures are survey estimates; see Section 2 for definitions.

3.3 The structure gap

In every sector, the share of firms with a formal training plan trails regular use by 12–19 percentage points. Adoption is running ahead of readiness everywhere — the question is only by how much.

4. USE CASES AND BARRIERS

4.1 What SMEs use AI for

Administrative and communication tasks dominate at 52% of AI-using firms — drafting emails and documents, summarizing material, preparing quotes and proposals. Customer-facing uses (chat, service responses) follow at 31%, marketing content at 29%, and data or bookkeeping tasks at 22%. Production-level uses remain rare below 200 employees. This mirrors national findings, where data analytics, virtual agents, and text analytics lead planned applications among the smallest firms.¹

Critically, the majority of this use is ad hoc: 68% of AI-using firms have no shared prompts, guidelines, or review practices. Individual employees discover techniques alone, and what works never spreads beyond the person who found it.

4.2 Why non-adopters hold back

Barrier (non-adopting firms, top response)	Share
Skills uncertainty — "don't know where to start"	34%
No perceived relevance to the business	26%
Privacy, confidentiality, or client-trust concerns	19%
Time to evaluate and implement	13%
Cost of tools or training	8%

Cost ranks last. The dominant barriers are cognitive — uncertainty about skills and relevance — consistent with RBC's identification of an "imagination gap" among Canadian SME leaders⁶. This matters for policy and program design: subsidy alone will not move firms that do not know what to do first. Guidance, examples, and structured entry-level training address the barriers firms actually report.

5. TRAINING INVESTMENT

Only 28% of surveyed organizations have any formal plan to train staff on AI tools. Where training happens, it is most often self-directed (employees learning on their own time, 47% of AI-using firms) or vendor-led (product-specific onboarding from a tool supplier, 33%). Structured, role-based instruction independent of any single product remains the exception at 15%.

This is consistent with the national picture — KPMG's finding that only 24% of Canadian employees have received AI education or training⁴ — but the SME pattern has a distinctive feature: intent is present. 63% of surveyed firms without a training plan say they would invest in training if they could judge its quality and relevance, and CFIB finds employee training the most resilient 2026 budget line among small businesses, with 78% planning to maintain or increase it.²

The constraint, again, is not willingness but navigation: small firms cannot easily distinguish credible, transferable training from product marketing. Recognized standards and member-vetted programs directly address this failure.

6. BENCHMARK METRICS FOR THE ANNUAL SERIES

The following 2025 baseline values will be re-measured annually with the same instrument:

Benchmark metric	2024 scan	2025 baseline
Regular AI tool use in operations	28%	41%
Formal staff training plan in place	—	28%
AI use governed by shared guidelines	—	32%
Skills uncertainty as top non-adoption barrier	—	34%

7. RECOMMENDATIONS

- **Meet the real barrier.** Non-adoption is driven by skills uncertainty, not cost. Entry-level, sector-specific orientation — "what to do first" — will move more firms than subsidy alone.
- **Convert ad hoc use into shared practice.** The fastest available gain for the 41% already using AI is internal: shared prompts, review habits, and use guidelines that spread what individual employees have already learned.
- **Make training quality legible.** Firms say they would invest if they could judge relevance and quality. Recognized standards and vetted program directories address the navigation failure directly.
- **Prioritize trailing sectors.** Construction, trades, and manufacturing show the lowest adoption and the thinnest training provision — and the least sector-specific guidance available to them.
- **Re-measure annually.** The benchmark table in Section 6 defines the series; year-two results will show whether the structure gap is closing or compounding.

8. CONCLUSION

Canadian small businesses entered the AI era faster than any national statistic suggests — but shallowly. Four in ten now use AI tools regularly; fewer than three in ten have any plan to build the skills that make that use safe and productive. The barriers that remain are informational, not financial, which means they are addressable. This baseline fixes the starting line; the Annual Benchmark series will measure how quickly Canada's small-business sector converts early adoption into durable capability.

SOURCES

1. Statistics Canada, Canadian Survey on Business Conditions — analyses on AI use (Q2 2025) and expected AI use (Q3 2025)
2. Canadian Federation of Independent Business (CFIB), Survey on Digital Technology and AI Adoption (Q2 2025); Digital Transformation report (September 2025); AI Adoption and Workforce Training Investment analysis
3. Microsoft Canada / Edelman, SMB AI Adoption Survey (January 2025, n=300 decision-makers)
4. KPMG Canada, Generative AI Business Adoption Survey (2025)
5. Business Development Bank of Canada (BDC), SME AI adoption research, as cited in The Hub (2026)
6. RBC Economics, analysis of SME AI adoption barriers ("imagination gap")

