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Chapter 1
Why AI Matters in Your Business

Over the last few years, talk about artificial intelligence (AI) has reached a fever pitch. On LinkedIn, you might have noticed that a majority of the conversation has shifted to the topic of AI. A lot of that conversation centers on what AI means to businesses and professionals alike.

Both workers and companies are concerned about the unknowns that AI will bring to the table. Employees are afraid they might be out of a job. Organizations are worried that they're not implementing AI quickly enough. While some of these fears are justified, many are blown out of proportion. AI's potential to reshape the way we work is unprecedented. However, with insight and planning, it's manageable. The purpose of this book is to help you sift through the hype and understand the reality of our AI-enabled future.

Understanding AI and how it works will provide context as you learn why it matters to your organization. At its core, AI enables machines and software to perform tasks at a level that previously required humans to do. Think about tasks like composing documents, recognizing images, making decisions, and interpreting language. Traditional software can help you do some of these tasks, but this software is bound to fixed rules. AI does not have the same constraint. It can learn from data and adapt its behavior over time. This is what really sets it apart and makes it such a game changer for businesses and organizations. Let's explore AI more and talk about why it has suddenly become more relevant.

Defining AI in Simple Terms

The easiest way to define AI is that it combines computer science and data science to perform tasks that, if performed by a human, would require intelligence. AI exists in a different domain than traditional software tools and robotics. These conventional tools adhere to a strict set of rules that govern how they can operate. Without a human to provide input and direct their activities, they cannot function. AI, on the other hand, can act far more autonomously. It will consider context, learn from mistakes, and even initiate actions on its own.

For example, you can use a word processing application to write a document, but you still need to type out every word and sentence. Using AI, though, you simply tell the AI what you want to write about and who your audience is. From there, it will draft the document for you. Now, imagine this type of autonomous capability applied to any number of business tasks. You could automate everything from marketing and accounting to warehouse operations and product development. (More on this later in this chapter.)

Broadly speaking, there are two types of AI:

- **Narrow AI:** This type of AI performs specific tasks that are within a defined scope. When you think about how Netflix recommends movies you might like, you're thinking about narrow AI. Essentially all AI in use today is narrow AI. It performs its specific task very well, but it cannot use its capabilities for any other type of task.
- **General AI:** Often called "artificial general intelligence" (AGI), this can do any task that a human can do and probably better. At present, this is still theoretical. Experts debate whether AGI is 5 years or 30 years from now. It is, however, inevitable.

For now, business applications exclusively use narrow AI. These tools are great at automating workflows, handling data analysis, and enhancing your customer interactions. These tools can also provide immediate value to your organization.

AI's emergence and relevance

AI is quickly transforming the way we work and live. For most of us, AI only entered the realm of public consciousness (outside of popular fiction) near the end of 2022. On November 30 of that year, OpenAI released ChatGPT (`https://chatgpt.com`) to the public. Within the first week, the platform gained one million users. According to CNBC, by March 2025 that number had grown to 500 million weekly active users. That's the fastest organic growth of any stand-alone application in history.

AI's historical context

It would be easy to think that AI is something new. After all, outside of dystopian stories like *The Terminator* and *The Matrix* series of films, no one seemed to be talking about it even just five years ago. But the history of AI goes back much further. Researchers and futurists had long toyed with the idea of autonomous machines. The actual term "artificial intelligence" was coined by computer scientist John McCarthy at Dartmouth College in 1955.

In the years since, it has culminated into our modern AI tools. Image recognition, speech processing, language translation, and generative AI used to exist only in science fiction. Now, for far less than the cost of a part-time employee, you can use each of these to automate your everyday tasks.

Why AI is crucial for businesses today

AI can deliver real-world advantages that transform how you run your organization. Think about how many routine, repetitive, or data-intensive tasks you or your team do daily. AI can handle many of these faster, cheaper, and more accurately than any team can. This will have far-reaching effects on your operations and bottom line.

For example, let's consider being able to predict future trends and risks that relate to your organization. AI excels at providing insights that can tell you what is going to happen before it actually does. It can spot patterns in massive datasets and draw accurate inferences. This type of crystal ball can help you make better strategic decisions and plan more effectively. This is a single example from several dozen about how you can start leveraging AI today. Chapters 4 through 6 provide practical insights about automating tasks, enhancing operations, and sparking innovation through AI.

You also risk falling behind if your competitors adopt AI and you do not. Speed, agility, and cost are all becoming more dependent on AI integration. In the near future, AI will be able to automate most repetitive and routine business processes. Early AI adopters will gain market share, and their peers will lose ground. Staying current will be essential.

Misconceptions about AI in Business

The topic of AI stirs up a lot of strong opinions and wild ideas. As an expert in the field of AI, I often get interviewed by media outlets like NPR. When it comes to listener questions, there's one that gets asked nearly every time: "Is AI going to

destroy humanity?" People are afraid of AI and have many misconceptions about it. Separating fact from myth will help you make more informed decisions about how to best use AI in your business.

Myth: AI will replace all jobs

If there is one myth that puts most workers on edge, it's that AI is going to steal their job. You might even be feeling some anxiety about this right now. This can add a lot of stress to the work environment and make your team more resistant to adopting AI automation. A quick trip to LinkedIn will demonstrate just how pervasive this misconception is. Companies think AI is a silver bullet that will automate the entire enterprise over the course of a year. Employees are either crippled by fear or in complete denial about the realities.

The reality is far more nuanced. There is truth to the idea that AI does repetitive, time-consuming jobs faster, cheaper, and more accurately. This is a powerful incentive for companies to replace workers with AI. There is a strong probability that data entry, back-office processing, and even customer support roles will disappear over the coming decade. As robotics improves, you might even witness frontline jobs in areas like construction, hospitality, and healthcare go away. Boston Dynamics has already developed robots like Spot® that can take on highly dangerous jobs in construction (see Figure 1-1). Other roles will soon follow.

FIGURE 1-1: Spot® by Boston Dynamics can do many things too dangerous for humans to take on.

The current consensus is that AI will take over some jobs and create other new jobs. These days, most professions consist of a mix of tasks. Some tasks require more strategic and creative thinking. Other tasks are pure drudgery that most people would be happy to pass off to AI.

Ultimately, AI will disrupt the workforce and the exchange of labor as we know it. How quickly that happens is difficult to predict. We are at the very beginning right now. There will be a transitionary period that sees AI take over some tasks, while humans continue to do others. Eventually, AI will do most tasks and humans will move on to more supervisory and strategic roles, with job titles that do not yet exist today. Chapter 9 provides more details about managing workforce changes and building an AI-ready culture.

Myth: AI is too expensive for small businesses

One factor holding back many businesses from adopting AI is the perceived cost. When small business owners think about implementing AI, they get scared. They often imagine million-dollar budgets, years-long implementation, and a team of consultants charging by the hour. This could be a real scenario but more likely something you would find in a massive enterprise.

A decade ago, many AI projects were costly and complex. Many of these projects were custom systems designed for proprietary applications. Over the last few years, though, the landscape has changed significantly. Pre-built AI services combined with user-friendly platforms have made AI accessible for even the smallest businesses.

The cost barrier for small businesses now mostly lies with the strategic planning and change management piece, rather than the technology. You can navigate through this by starting small and scaling your AI adoption to match your needs and your budget.

TIP

Many AI platform vendors offer free trials and free tiers of their products. Test before you buy to ensure the platform fits your needs.

Myth: AI is only for tech companies

You probably associate AI with Silicon Valley, and most of the products are indeed coming from tech companies based there. However, that does not imply that AI is only for tech or digital-native companies. Because AI automation tends to focus on processes more closely aligned with the tech world, both small and large

organizations assume AI is out of their realm. Yet nothing could be further from the truth.

The reality is that many companies far removed from tech have put AI to novel and innovative uses. A brief look at the Health Lab at URMC (`https://www.urmc.rochester.edu/health-lab`), for instance, reveals a truly impressive list of projects they're working on. They've made significant contributions to patient care through AI. Even more interesting is that they've made many of their projects available as open source. That means other healthcare systems and providers can tap into their AI innovations for free.

In another example, Symbotic (`https://www.symbotic.com`), which specializes in warehouse AI, began as an offshoot of C&S Wholesale Grocers — the largest grocery wholesaler in the country. In the mid-2000s, they were seeking ways to optimize warehouse operations. Not finding something that fit the bill, they created their own solution.

Both of these examples are organizations that are neither tech companies nor are they using AI for tech processes. The bottom line is that organizations of all shapes and sizes can put AI to use. That includes private-sector businesses, nonprofits, and even government entities. With today's accessible and scalable platforms, AI is within your reach. To ignore it because you think it's just for tech companies is putting yourself at a disadvantage.

Introducing Generative AI in a Practical Business Context

You're probably bombarded daily with news and social media about AI. The public and media tend to use "AI" as a catchall term. Since 2022, you can assume that most of the time when people talk about AI, they're referring to generative AI. ChatGPT and its LLM-based peers are all forms of generative AI. However, what is generative AI exactly?

Traditional AI generally focuses on analyzing data, automating repetitive tasks, and predicting outcomes. Think of the investment algorithms that alert you when there's a hot stock pick or you should consider selling shares. Wall Street runs on these types of AI algorithms — simple, narrowly focused AI that excels at one specific responsibility. Generative AI, on the other hand, provides a far more flexible approach that can also generate new content. Although content in this sense can mean a lot of things, the main takeaway is that generative AI's approach opens many doors to new efficiencies and creative possibilities.

Why generative AI is different

There are many reasons why generative AI is different. It's cheaper, more scalable, and more flexible. But fundamentally the major difference is that it goes beyond merely sorting, labeling, and analyzing data and instead creates entirely new output. Depending on the LLM, this content can take on various forms. ChatGPT, Claude, Gemini, and others tend to focus on textual output. Text is great for creating reports, marketing copy, and other documents. What if you need something different, though?

Many generative AI models are *multimodal*, which means the model can both intake and output data in more than a single format. So instead of just typing a prompt, you might be able to upload a photo or other media. Likewise, the generative AI model can produce a new photo, video, or even musical output. Chapter 2 goes into greater detail about generative AI.

Another important feature of generative AI is that it typically relies on plain language input and instructions. If you want it to create something, you merely need to instruct it with a plain-language prompt. As just mentioned, you can often include other media, like photos or videos, in these prompts. You might do this when instructing it to analyze a photo, for instance. Figure 1-2 shows an example of using a combined text prompt with an image for analysis. This is already pretty impressive at first glance. When you start to consider how it can automate business processes, the possibilities are truly amazing.

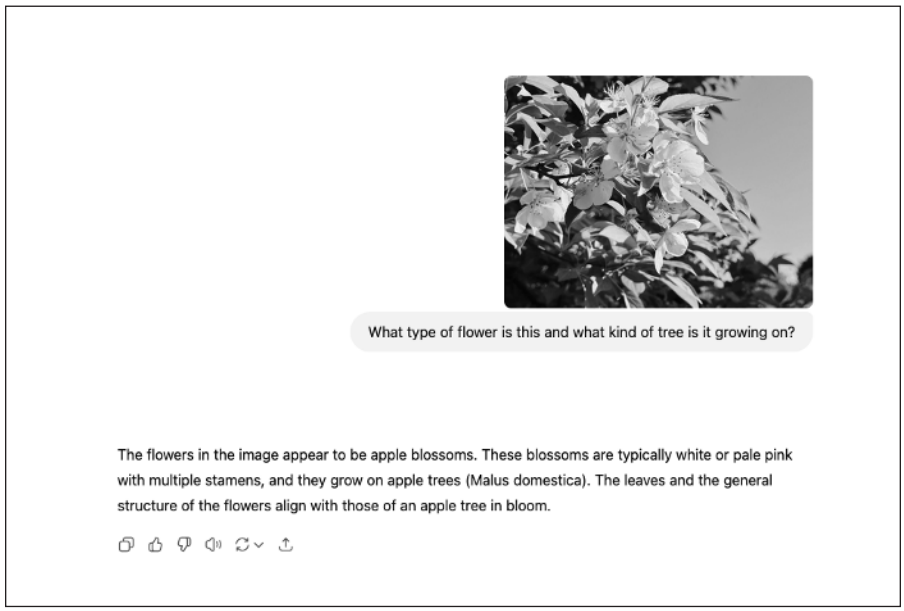

FIGURE 1-2: Using a text prompt and photo input, ChatGPT advises that this is probably an apple tree.

Everyday business applications of generative AI

The power and flexibility of generative AI create many opportunities for uses in modern business settings. Some of these applications are frontline. For instance, chatbots are a popular addition to many companies' web properties these days. Others work behind the scenes doing tasks like marketing and accounting. Let's take a look at some of the ways you can put generative AI to work:

- **Customer service:** Companies quickly discovered that generative AI worked great for customer support. Intelligent chatbots are able to learn from your internal documents and FAQs.
- **Content creation:** At present, this is probably the most popular use of generative AI. Content creation can save your organization time and money for tasks like social media posting, ad copy, and sales outreach.
- **Product design and prototyping:** User experience design is a critical part of creating new products. UX teams used to labor away creating wireframes and mockups of these products and workflows.
- **Training and simulation:** Training and upskilling is a critical part of developing your workforce. Generative AI can learn what skills are lacking and develop training content based on your goals. It can also create realistic training simulations to get your team into top shape.
- **Code development:** Generative AI is getting good at coding, too. Generative AI lets you describe what type of application you want to create and writes the code in minutes.

The use cases keep expanding. Microsoft estimates that by the end of 2025, nearly 75 percent of companies will be using AI. That's up quite a bit compared with 55 percent in 2024. Organizations of all types are starting to realize what generative AI can do for business.

How generative AI complements other types of AI

Generative AI has stolen the spotlight in recent years. This is partially because it's the first type of AI that people have been able to actually use for themselves. However, more traditional forms of AI have not gone away. These AI systems still excel at recognizing patterns, detecting when something goes wrong, and classifying data. Instead of replacing these systems, generative AI is best suited to work alongside them. This will allow for more comprehensive AI solutions that tackle even the most complex business tasks.

Say you have a traditional AI model that analyzes sales trends and customer behavior. This system is purpose-built to identify the high-potential sales leads. This traditional model can do its job and then pass the analysis to a generative AI model. From there, the generative AI can create personalized emails and social media posts that target those leads. By joining the two models together, you have now created a comprehensive marketing automation system.

Traditional systems are very good at performing specific tasks. Often, though, these systems are not able to communicate results clearly or in a meaningful way. Generative AI can bridge this gap. It can turn insights into reports, instructions, or other messages that people can understand. This reduces the need for human intervention and speeds up decision-making and workflows. These data-driven insights also provide a more accurate picture of factors affecting your business.

Combining generative AI with traditional AI allows you to build more scalable, robust systems. These are systems that can grow with the functional needs of your business. The marriage of the two also allows for more advanced applications. You can combine generative AI's creative capabilities with the precision of traditional AI to automate nearly any process. Finally, the integration of these AI types will enhance your adaptability. As your data needs become more complex, the combined systems can evolve to handle this new complexity. This approach will help futureproof your AI investments.

Small and Midsize Businesses Successfully Using AI

Small and midsize businesses (SMBs) often must deal with resource constraints. Meanwhile, they also face fierce competition from much larger rivals. This has driven many SMBs to harness AI as a strategic and tactical asset. These companies have shown that you do not need a team of data scientists and a million-dollar budget to leverage AI. Instead, these SMBs are solving real business problems with inexpensive AI and outpacing their larger competitors in the process.

Examples of AI in retail, manufacturing, and services

At this point, you might be thinking that this book is oversimplifying how easy it is to implement AI. However, it really is within the realm of most SMBs to put AI to use and do it with little investment. Let's take a look at several SMBs that have started using AI and the results.

Retail

Shrinkage is a real problem for all brick-and-mortar retailers. While a small portion of this is due to damaged items, a more significant portion is due to shoplifting. Big chains can budget for shoplifting, but smaller independent operators feel its direct impact. US retailers lose over $13 billion annually to shoplifting. That equates to more than $35 million in theft every day.

To counter these losses, AI developers, like Veesion (`https://veesion.io/en`), have introduced AI systems that can detect shoplifting in real time (see Figure 1-3). If the system detects shoplifting, it then notifies the appropriate staff. One retail location in the UK reported catching 15 shoplifters in the first two weeks after installing Veesion's AI. Meanwhile, a franchisee of a major US chain reported catching three times as many shoplifters since implementing the AI system. Early results say that retailers have been able to reduce shoplifting-related losses by up to 60 percent with AI.

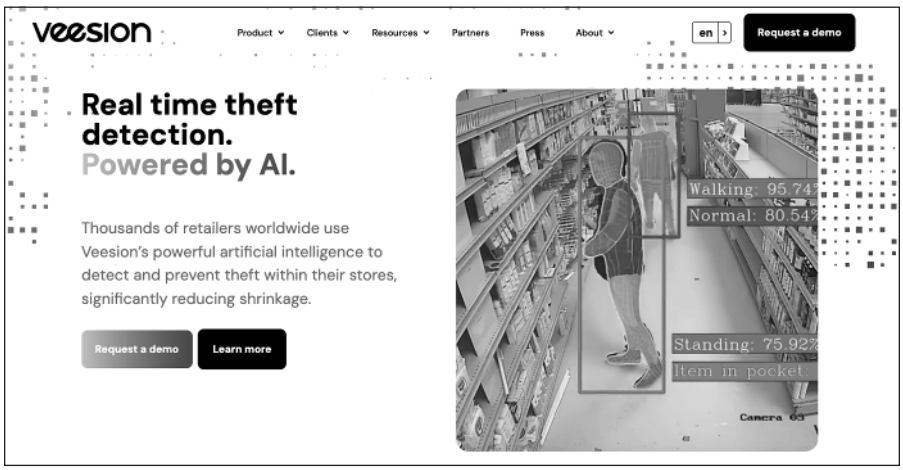

FIGURE 1-3: Veesion's anti-shoplifting AI in action.

Manufacturing

Small and midsize manufacturers have also begun a push to use AI. These companies have seen near-immediate gains in quality and efficiency following AI implementation. You might expect this to be the case with larger companies doing billions in sales every year. The following examples show, though, that even SMBs can benefit from AI automation.

In one case, a US packaging manufacturer implemented AI that analyzes data from the production line, and the results have been astounding. This company was able to increase equipment uptime by 25 percent, and also reduced wasted

materials by 15 percent. This ultimately led to improvements in production throughput and overall profitability.

In the above example, the company used pre-built AI that focused on specific pain points within their operations. In these cases, AI improved uptime and quality while also reducing waste. This translates into real productivity and profit gains for the SMB manufacturer. See Figure 1-4.

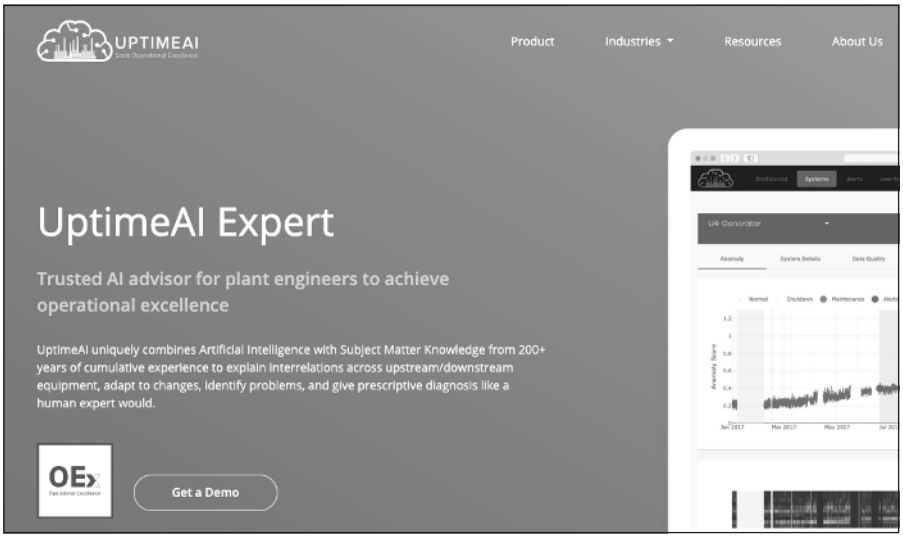

FIGURE 1-4: Companies like UptimeAI (`https://www.uptimeai.com`) offer pre-built predictive maintenance AI for manufacturing.

Services

Service-oriented SMBs are also finding ways to put AI to use. As with other sectors, the focus is on automating processes and tasks. For the service provider, this can mean looking at how AI can streamline routine tasks and also improve areas like customer service. The AI can fill certain gaps without requiring the SMB to make any new hires. It can also free up existing staff to handle more critical work. The SMB experiences boosted productivity while also maintaining or even improving quality.

Let's take an example from a logistics provider. This SMB implemented AI to optimize driver assignments. It also automated customer notifications. These changes reduced manual scheduling by 40 percent and improved on-time deliveries by 15 percent. The company's next step was automating billing and emails, which is saving the company dozens of employee hours per week.

Service firms can realize rapid productivity gains by automating workflows and tasks. After that, staff only need to supervise the AI's output. This frees staff to work on more important issues, resulting in improved costs and efficiency.

Lessons learned from successful AI implementations

SMBs that have already implemented AI share common experiences. These experiences can offer valuable lessons to help along your AI journey. Understanding these lessons will help save you time and money and will also help ensure your implementation is more successful. Chapter 8 provides the additional steps necessary to plan your AI roadmap.

Have a clear goal

The most important step before starting any project is having a clear goal. Too often, companies decide to implement AI because everyone else is doing it. If that's your motivation, you'll end up disappointed with the results. Smart companies have a specific problem they're solving for. Ideally, this problem can be measured. For instance, if you're a manufacturer, you probably want to reduce the cost of manufacturing downtime. That's a great first step. From there, you can start to figure out what causes downtime. Mechanical failures and machine maintenance are probably high on that list. In this scenario, if you can cut back on failures and unplanned maintenance, you can reduce your costs. You can even quantify exactly how much it's costing you now. Then you can set a target for how much you want to reduce it. Once you identify this pain point, you can then start to explore how AI can solve the problem.

This sounds exceptionally simple. It's common sense, right? You'd be amazed how many companies rush into AI implementation without a clear goal in mind. Go to LinkedIn and find a post or news article along the lines of "Is AI not living up to the hype?" You can almost guarantee that companies complaining about this had no plan when they decided to implement AI.

Begin small and scale gradually

Want a recipe for disaster? Try to make massive, sweeping changes across your organization all at once. This is not even specific to AI. Too much change all at once makes it hard to figure out when things are going wrong and why. When it comes to AI, you'll do much better by starting with a small pilot project. That way, you can see the effects confined to a narrow process or task. This makes it easier to see when things are going right or wrong. It also makes it easier to tweak settings and configurations. Finally, it makes it easier to spot ripple effects that bleed into other processes.

Say, for instance, you decided to replace your website's customer support chat function with a chatbot. During setup, you accidentally trained your chatbot on outdated support documents. Yikes! Not a great situation to be in, but it's also a

relatively small fix to correct it. Now, imagine the same scenario, but instead you replaced your entire customer support team with AI. Here, you have a much bigger problem and hopefully still have a job once it's fixed. Taking a scaled approach will allow you to observe, learn, fix, and gain more confidence in your new systems before going all in.

Engage teams and manage change

Your employees are afraid. They're worried that in the very near future, they will lose their jobs to AI. If they tell you they're not worried, that just means they're in denial at this point. Most people who follow AI news have given at least some thought to this prospect. What lesson can you take away from this? The answer is to engage your teams with AI integration and proactively manage the changes that will happen.

Recent research out of firms like McKinsey points to AI actually creating jobs. True, those jobs will not be the same ones that people fill today. However, it will not be the decimation of the workforce that some predict. The trepidation that your staff is feeling will have an impact on your AI integration efforts. When employees feel their jobs are threatened, they might consciously or subconsciously sabotage your efforts. You can help avoid this by involving your staff in the planning and integration process. Combined with the proper training, this will build trust and help your team adopt AI tools faster.

Use external expertise and off-the-shelf tools

If you run an SMB outside the tech sector, it is highly unlikely that you need to build your own AI platform. SMBs and even some larger enterprises rely on off-the-shelf tools to automate many processes. These pre-built products will allow you to tap into features and functionality that would otherwise be beyond the internal capabilities of an SMB. It also lowers costs and speeds up implementation. If you do not have the in-house expertise, you should also consider bringing in external expertise. This could be a consultant who specializes in the functional aspects of automation. Likewise, it could be someone who knows the implementation side. These individuals can help you get the most out of your AI investment.

TIP

More AI products are coming to market daily. Research vendors before selecting a product. The risk of dealing with startups is that some might be out of business before you even finish your integration. Choose vendors with some operating history and product track record.

Customize AI to fit your business

Just because you use pre-built AI products does not mean you cannot customize those products for your specific needs. In fact, it's crucial for you to customize

those products. There is never a one-size-fits-all when it comes to AI deployment. If you're in manufacturing, you probably need to adjust the AI settings to fit your specific equipment and schedules. If you do marketing, then the AI needs to know your brand voice and market segment. On the customer support side, you also need to create some interaction rules for how the AI deals with customers. Just imagine the chaos if the AI issued 100 percent refunds without requiring returns, no questions asked. Customization will ensure the AI better understands your specific needs. It will also help make your rollout more successful.

Watch costs and plan integration thoughtfully

Compared with just a decade ago, tech costs are more affordable than ever. Cloud computing and cloud-based AI services have reduced the upfront costs of deployment. That said, it can be easy to let AI costs get out of control. You're likely to find some vendors charge fixed monthly prices, while others base charges on usage. It is this latter category that can take you by surprise. If you must choose a product that prices by usage, estimate how much you're going to use it and set up budget alerts when costs surpass those limits.

On the implementation side, take into account what existing systems you'll need to connect to. If the pre-built AI can natively connect to these systems, you'll have a much smoother implementation. Otherwise, you'll need to invest in expertise and custom development to make these connections. Research your product choices and anticipate needs. This will prevent costly delays and additional costs for your implementation.

Keep humans in control

For now, AI works best when combined with human oversight. In marketing, for example, AI can generally get your content to a final draft stage. Often though, a human will need to apply the final polish. For customer service, chatbots can handle most first-tier inquiries, but beyond that a human usually needs to step in. This balance can help ensure the quality of the AI output, while also protecting your company from any major AI gaffes. Keeping humans in the loop will help your AI efforts immensely.

Common challenges and overcoming them

When you first start out, the AI implementation process can be daunting. You're going to run into problems with understanding the product landscape. You'll have limited resources. There will be technical hurdles, and your employees are going to have many misgivings about AI. The odds will be against you. However, many SMBs have faced these same challenges and found ways to navigate them.

Out of the gate, your biggest problem is going to be that you have never done an AI implementation before. This will put you at an obvious disadvantage. However, by following the advice given in this chapter, plus across many other chapters in this book, you'll be in a good spot to get started.

Another problem — not exclusive to SMBs — is that you'll run into data integrity issues. As I frequently tell my graduate students, 75 percent of your effort will be put into cleaning up your data. Most SMBs live with siloed data stored across spreadsheets, on outdated systems, and in inconsistent formats. The best way to start with this is by figuring out what data is most important for your intended purpose. Focus on cleaning up these datasets while leaving the rest to another day and another project. Say, for instance, you're implementing new customer support AI. In this case, you only need to put effort into fixing your support documentation, FAQs, and relevant technical documentation. You can see why you don't need to worry about any other data that lives in your organization at this point. You're not going to use it for the project. In the worst-case scenario, don't be afraid to call in external expertise to help.

As discussed earlier, staff anxiety and resistance can become a real problem. Given the robust capabilities of AI, it's natural to wonder if it will ultimately put you out of a job. The good news is that it's not happening yet. Keeping employees engaged with your implementation and rollout will go far to alleviate this anxiety. It will also show your team how AI can make their lives easier. Emphasize that AI is there to support them, not replace them.

Integration complexity and budgetary constraints can also become significant challenges to your AI rollout. For both, carefully plan your implementation to help identify these issues early on. From there, you can make more informed decisions about the rollout. That might mean choosing different vendors or doing a phased rollout is to accommodate cost restraints. An incremental approach that connects one system at a time can help alleviate both of these issues.

Finally, you might need to also confront some ethical issues related to deploying AI. Be sure you understand how your AI vendors are using your and your customer's data. Ideally, your vendors should not be using it for anything at all. Know their policies and terms of service. You also might need to consider more nuanced ethical issues. Say you start using an AI-powered HR performance management system. What if the system recommends terminating an employee? You'll need to set up some clear guidelines about who will make decisions of this nature.

These challenges are common and manageable. Start small and scale up. Keep employees engaged. Plan properly and control costs. By taking a pragmatic approach, you'll achieve a far more successful implementation and rollout.

Immediate Benefits and Competitive Advantages of AI

Say you've gone ahead and implemented AI automation. What's next and what can you expect? The good news is that SMBs typically start seeing benefits from AI fairly quickly. These benefits can improve operations and strengthen market position. You're likely to notice reduced costs, improved customer service, new revenue creation, or a combination of these. Let's take a closer look at these benefits in more detail.

Cost savings and efficiency gains

As you are well aware, AI can deliver value through reduced costs and improved efficiency. It can easily do this by automating your repetitive daily tasks. Once implemented, it can often do these tasks more efficiently, all while potentially improving output quality at the same time. Think about how much time your team spends doing back-office tasks like data entry, invoice processing, and billing. Conservative estimates put cost savings for these tasks between 30 and 40 percent within the first few months of implementation. These savings are the result of fewer errors, reduced labor, and faster cycle times.

Consider the retail industry and its use of AI-driven inventory management. AI forecasting is vastly more accurate. This helps retail companies avoid running out of certain items. Meanwhile, it also prevents them from carrying too much inventory of other items. Retailers can reap the benefits of faster, more accurate forecasting within days or weeks of a new AI system going live. They also avoid tying up capital in excess inventory with these improvements. Chapter 7 will show you how to use for better decision-making.

Enhanced customer experiences

Earlier in this chapter, we looked at some ways that AI can automate customer engagement and support. Beyond the obvious savings and efficiencies that come with that, you also get certain added benefits. First and foremost, your customers get a better experience when dealing with your company. This is a powerful motivator to keep them coming back to your business.

AI allows organizations to personalize customer engagement. It can do this with a level of precision that rivals the largest enterprises. Using customer behavior data, AI can create more relevant exchanges with your customers. This tailored approach takes their needs and preferences into account. In turn, you'll see increased conversions, spend, and overall satisfaction with every interaction.

Companies have been pleasantly surprised by the results. Those that use AI for personalization in their customer engagements have seen customer retention increase by up to 15 percent. This is likely due to interactions feeling more genuine and less generic. These same businesses report a 15 to 30 percent increase in average order value. Talk about impressive!

For companies like yours, these benefits translate into higher lifetime customer value. Let's also not forget that you'll experience these gains without a proportional increase in support staff or marketing spend. Competitors who fail to embrace AI will not stand a chance against your new AI-enhanced capabilities.

New revenue opportunities

Something we have not spent a lot of time talking about in this chapter is new revenue generation. When you think about implementing AI, you probably put a lot of focus on streamlining operations and automating processes. Although this does help with your bottom line, it's not new revenue. But AI can be a very powerful revenue generator. Later chapters will explore this topic more; for now, it's enough to be aware that AI's powerful analytics capabilities can identify hidden insights and market trends. It can also play a crucial role in sales development. AI can even play a major role in go-to-market and product-market fit.

Many companies have started using AI as a revenue generation tool. These businesses are experimenting with everything from dynamic pricing to replacing sales development reps (SDRs). For example, companies who use AI for dynamic pricing have reported a 3 to 7 percent improvement across their margins. For industries like retail that have low margins, that's a notable gain. AI is just beginning to show its true potential for revenue creation. One AI developer focused specifically on revenue generation is Spiky.ai (`https://spiky.ai/en`). Their platform provides real-time analysis and feedback on every sales meeting. It then proposes the best pathway for a salesperson to close the deal. AI is set to become a game changer in sales and revenue creation.

The major benefit of AI in this context is that it enables an entirely new level of revenue generation capability. For many SMBs, one of the biggest challenges has been attracting top sales talent. It's a very competitive profession, and the best salespeople have their pick of employers. AI lets you have the best capabilities of a sales team for a fraction of the cost. Combine this with AI's capability for real-time market intelligence to shift your revenue generation into high gear.

How AI Can Transform Your Business Operations

AI can fundamentally change the way your business operates. However, the changes go beyond just efficiency and saving money. AI is changing the very mechanics of how businesses operate, adapt, and compete. The companies that embrace this shift will be more equipped to thrive in our AI-enabled future.

Streamlining operations and reducing errors

Humans are restricted by how much information we can ingest and analyze at any given time. This has always been a limiting factor in our ability to quickly spot patterns contained in large datasets. AI does not have this limitation. Not only does it deal with massive amounts of data elegantly, but it can do so in a fraction of the time it takes us. It can even take factors into account that to us seem irrelevant. This ability changes a key dynamic with how businesses are alerted about and react to issues that arise.

Until just a few years ago, we relied on historic data to guide our decision-making. We were reactionary and hoped that what happened in the past was indicative of what would happen in the future. AI, on the other hand, can look at real-time data and even seemingly unrelated factors to highlight issues in the earliest stages. This is important because it now allows us to detect problems within minutes instead of days. For a manufacturer, this can mean detecting a batch defect before the product ships and the cost is sunk. It's impossible to overstate how significant this shift is for how we do business.

Enhancing decision-making and strategy

Sticking with the topic of data, decision-making is a process almost wholly influenced by the information available to us. We try to make informed decisions based on what we know about a situation. Too often, we do not have all the data that we should. AI is changing this paradigm too. AI supercharges our ability to access, analyze, and act on data in near real time. It shifts us from being reactive to being anticipatory decision-makers.

While you once might have waited on a sales report to see changes in buying patterns, AI can now let you see this instantaneously. It can look for subtle shifts in customer preferences, apply a scenario analysis, and test changes in real time.

That means you can optimize your tactics mid-campaign, instead of waiting to make changes months later.

AI also democratizes strategic insight. Gone are the days of needing a team of analysts to spot threats and opportunities. Your team members from any department can use AI tools that let them distill complex trends into clear, actionable recommendations. Just think about the implications of that. Every one of your team members can now play a role in executing company strategy. That's a massive break from the traditional model of top-down strategy management.

Improving employee productivity and satisfaction

AI brings more value than just automating the grunt work of an organization. It can also help employees unlock their own potential. As AI automates the drudgery of manual, repetitive processes, employees gain more time to do more meaningful work. That work can focus on creativity, empathy, and problem-solving. These are all things that AI cannot yet do as well as a human can.

AI is also starting to provide real-time insight about how employees work. This can help flag when employees are overloaded, which people work best together, and where skill development is needed. You can then use this data to adjust responsibilities, check in with employees, and devise training to help the team upskill. Companies that are already using this type of AI report seeing double-digit drops in attrition. They are also reporting much higher employee engagement.

AI can also support a more inclusive and flexible workplace. Its language capabilities can bridge communication barriers for multinational teams. AI agents ensure that remote workers have access to the same support and information as their colleagues in the office. AI can even tailor workflow and development paths that best match individual strengths and skills. The outcome will be a workplace where employees are more invested in both their roles and the organization.

The promise of AI goes beyond cost cutting and process efficiency. It is set to fundamentally alter the way you do business. It will change the way you act on information, it will ground your strategy in real-time evidence, and it will empower your employees to focus on what matters most.

The companies that successfully adapt will be using AI to shape how every part of their business can work smarter, faster, and with more resilience. As we end this chapter, think about what routines or blind spots in your operation could benefit from this level of intelligence. That will be extremely helpful as you take your next steps toward making AI a core part of your business.