
The new rules of growth
How India’s SMBs are building to scale

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Foreword

Across India, small business owners are finding new ways to grow. A software start-up in Bengaluru is using AI to serve more customers with a lean team. A manufacturer in Coimbatore is looking for skilled talent to expand operations. A textile exporter in Surat is exploring new international markets. A young entrepreneur in Guwahati is building a customer base beyond their home state. Different businesses, different ambitions, but a common challenge: How to grow while making the most of limited resources.

For Indian small and medium-sized businesses (SMBs), ambition has never been in short supply. What is changing is how they turn that ambition into business growth. Founders have always grown through their personal networks and instinct. Now, they are combining those strengths with new technology, data and new capabilities to reach customers, build teams and manage increasingly complex operations.

This shift is at the heart of the joint research by LinkedIn and Zoho. We wanted to understand how Indian SMBs are evolving, what is helping them move forward and where challenges remain.

By bringing together LinkedIn's insights into professional networks, talent, sales and marketing with Zoho's understanding of business operations, customer experience and workplace collaboration, we have explored growth from two complementary perspectives. The findings highlight how businesses are adopting AI, building sales with the founder's network as a foundation, earning trust with customers and candidates, and hiring and developing the people who help them scale.

What stands out is that there is no single formula for success. For some businesses, the priority is finding new customers. For others, it is hiring the right people, improving productivity or making everyday processes more efficient. Technology, including AI, is creating new possibilities, but it is the decisions founders make about where and how to use it that matter.

We hope this report gives founders and business leaders a clearer picture of how their peers are navigating these changes, along with practical steps they can apply to their own ambitions. As India's SMBs prepare for their next phase of growth, we believe the combination of entrepreneurial ambition, strong networks, highly skilled people and the right technology will be central to building businesses that can scale with confidence.

Here’s to your next stage of growth.

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Country Manager,
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Executive summary

For India's SMB founders, the next phase of growth isn't just about doing more business. It's about **winning more customers, attracting the right talent and building businesses that can scale beyond the founder.** As AI, technology and professional networks reshape how companies compete, the opportunity lies in combining these capabilities with human ingenuity to build smarter, more resilient businesses.

Contributing approximately 31% of India's GDP and nearly 49% of its exports*, Indian SMBs are increasingly looking beyond traditional markets and operating models. This joint LinkedIn and Zoho research draws on 24 months of data through June 2026 to examine how talent, AI, networks and connected technologies are shaping their evolution. Founders tell a familiar story: making technology and AI work with a lean team, building the networks that bring in new customers, and finding the right people as hiring gets harder. This report looks at how SMBs are tackling each one.

What the data shows

- **AI-enabled SMBs are expanding faster:** They recorded 5.2 percentage points higher headcount growth than their peers, compared with a 2.1-point difference globally.
- **AI skills remain a challenge:** SMBs are further ahead in building AI than in using it, with 16.3% having AI engineering skills in-house but only 6.1% having employees with everyday AI literacy.
- **SMBs are adding sales structure, even without sales leaders:** Only 1 in 3 SMBs has a formal sales leader, yet CRM workflow automation rose 41.9%.
- **Consistency strengthens market visibility:** Advertisers with the strongest campaign results tend to run paid campaigns for longer periods and launch a higher volume of ad creatives.
- **Scale demands better systems:** Beyond approximately 50 employees, informal processes become increasingly difficult to sustain.
- **Global ambitions are rising:** SMBs' share of international hires by India-headquartered companies increased from about 22% to nearly 27% between 2025 and 2026.

What SMBs can do next

The path to scale lies in connecting people, networks and technology. For founders and SMB leaders, that starts with three shifts: Embedding AI into everyday operations, putting structured sales processes in place, even without a dedicated sales leader, and showing up consistently where customers, talent and partners are paying attention. An active company page and regular posting by founders and senior leaders build the trust and visibility that help SMBs win customers, attract the right talent and extend their reach beyond the founder's personal network. This report offers data-backed insights into how Indian SMBs are evolving and what founders can learn from their peers, highlighting the strategic choices that can shape their next phase of growth.

**Source: Economic Survey 2025-26, Ministry of Finance, Government of India, via Press Information Bureau (29 January 2026)*

Research methodology

This report, from LinkedIn and Zoho, looks at how Indian small and medium-sized businesses (SMBs) are changing how they hire, use AI, sell, market themselves and run their operations. It covers SMBs across sectors, from tech startups to traditional businesses. Where findings differ between tech and non-tech companies, we say so.

The analysis covers 24 months, from July 2024 to June 2026, and combines two sources:

- **LinkedIn Network Data:** a digital representation of the global economy, built from the activity of 1.4B+ members worldwide, including 193M+ in India. The analysis looks at India-headquartered businesses with 11–200 employees, covering hiring and workforce trends, skills, professional networks, sales activity and marketing performance on LinkedIn.
- **Zoho:** aggregated usage data from over 65,000 organisations using Zoho Workplace, 10,000 businesses using Zoho People and more than 3,000 businesses using Bigin by Zoho CRM, covering collaboration, HR, sales and business operations.

Together, these insights show how Indian SMBs are building the capabilities, connections and systems needed to scale.

Key definitions

How to read the AI figures: The AI figures in this report measure different things and should not be compared with each other or with survey-based figures from other studies. The share of advertisers referencing AI in their ad copy (LinkedIn) reflects how businesses describe themselves in their ads. The share of Zoho People customers using Zia (Zoho) reflects use of one product feature. The shares of SMBs with AI engineering capability or AI literacy (LinkedIn) reflect skills that employees list on their LinkedIn profiles. None of them is a survey of how many SMBs use AI. Company-size definitions also differ between studies, so figures from other markets are not directly comparable.

Some measures in this report use a shorter window than the full 24 months, such as the first half of 2026 (H1 2026), the trailing 12 months to June 2026, or June 2025 to May 2026. Each is noted where it appears.

- **SMB size:** in LinkedIn data, an India-headquartered business with 11–200 employees. In Zoho People data, size is measured by users on the platform: micro-firms have 1–10 users and larger SMBs have 51–200 users.
- **AI-enabled SMB:** an SMB in which at least 5% of employees are AI talent (defined below).
- **AI engineering capability:** in-house skills to build AI, measured as the share of SMBs with employees who list AI engineering skills.
- **AI literacy:** everyday AI skills, such as using generative AI tools in daily work, measured as the share of SMBs with employees who list AI literacy skills.
- **Percentage points (pp):** the difference between two growth rates, for example between AI-enabled SMBs and their less-enabled peers.
- **AI talent:** AI talent are members who are or have been employed in an AI-related role, or have listed at least 2 AI Engineering skills on their LinkedIn profile.

Data privacy and research considerations

All findings are based on aggregated, anonymised platform data and observed trends. No personally identifiable information (PII), proprietary customer data or individual company metrics were accessed, analysed or disclosed. The findings reflect observed associations and should not be interpreted as evidence of direct causation.

Introduction

The Indian SMB in an evolving economic landscape

The way Indian SMBs adopt technology, hire talent and win customers matters well beyond any single business. LinkedIn data shows hiring at SMBs has held up better than hiring across India as a whole. The number of SMBs on LinkedIn grew by about 12%, compared with roughly 7% to 9% for larger companies.

Behind these numbers is a change in how SMBs run. In a mobile-first economy, buyers expect immediate, conversational interaction, and on the sales side, WhatsApp, UPI payments and AI-assisted CRM tools are replacing spreadsheets and informal chat groups. Inside the business, informal coordination gives way to structured HR systems as teams approach 50 employees, and communication that once ran across email and consumer messaging apps is consolidating into unified workplaces. As they grow, SMBs also need to look beyond the founder's network to find new customers and the right talent. This report looks at how SMBs of every kind, from tech startups to traditional manufacturers and retailers, are making that shift, and where their experience differs.

A global character

Beyond domestic markets, a growing number of Indian SMBs are looking overseas. Digital platforms, including LinkedIn, let them build a brand and reach customers and talent in other countries without a local office. LinkedIn data shows this in hiring: SMBs' share of international hires by India-headquartered companies rose from about 22% to nearly 27% between 2025 and 2026, with the US, UAE, UK and Nigeria among the leading markets. This gives SMBs access to wider talent pools and lets them build cross-border teams. For the many SMBs whose customers are mostly in India, digital platforms like LinkedIn help them stand out at home, with a stronger employer brand and campaigns aimed at the right local buyers.

This global ambition is matched by a practical approach to AI, which SMBs are building into tools they already use across three key areas:

- **Strategic positioning:** using data-driven insights to refine market positioning, brand storytelling and entry into new markets.
- **Workplace collaboration:** connecting teams and helping different functions work together through one easy-to-use set of tools.
- **Workflow automation:** using automation to manage customer pipelines, reduce day-to-day friction and support data-backed decisions.

The main constraint is skills, so building them is the next step for most teams.

Indian SMBs are finding practical ways to use AI across their businesses, but developing the skills to take full advantage of it remains a challenge.

- **Sales and marketing:** Sellers who use AI carry out roughly 40% more sales activity, such as prospecting and reaching out to buyers, and about one in six SMB advertisers now reference AI in their ad copy, such as 'AI-powered' or 'GenAI'.
- **Hiring and HR:** AI-enabled SMBs grew headcount about 5 percentage points faster than their peers, and AI assistants are taking routine HR queries off lean teams.
- **Everyday work:** CRM workflow automation rose about 42%, and AI-assisted search in workplace tools has roughly doubled.

However, skills are holding them back: Only about 6% of SMBs have AI skills across the workforce, so building them is the next step for most teams.

The operational pillars of the shift

The report follows the four areas where these changes matter most:

1. **AI adoption (Chapter 1):** where AI is paying off today, and why skills are the real bottleneck
2. **Sales (Chapter 2):** how SMBs utilise the founder's networks to build a sales engine that scales, using demand generation, sales intelligence and CRM.
3. **Trust (Chapter 3):** why showing up consistently wins both customers and candidates.
4. **People and technology (Chapter 4):** how to find the right hires, build skills and keep teams running smoothly as they grow, with HR and collaboration tools.

Each chapter ends with three practical steps for SMB leaders and notes where the experience of tech and non-tech SMBs differs. Chapter 5 then brings those steps together and sets out how LinkedIn and Zoho can help at each one.

The pattern across all four is clear: Indian SMBs are adopting technology on their own terms, one function at a time, and building systems around the people who already make the business work. The ones that turn early steps into everyday practice will set the pace for the next phase of growth.



Chapter 1

Putting AI to work: Where Indian SMBs are today

AI is already delivering results for Indian SMBs. Those with in-house AI talent are growing their teams faster, and sellers who use AI are more active, from searching for new prospects to messaging and following up with buyers. LinkedIn and Zoho data show AI at work across the business, from sales to HR and everyday tasks. But adoption remains uneven: most SMBs use AI in a few places, not everywhere, and few have the skills to get its full value.

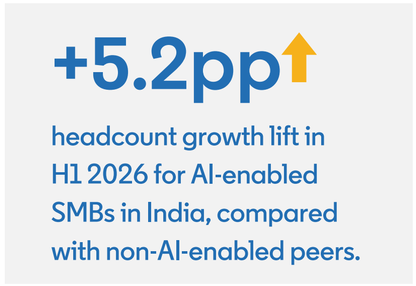
Across sectors, from professional services and technology to manufacturing and education, SMBs are using AI to improve what they already do, not to overhaul their business. For most, the challenge isn't access to AI tools. It's knowing where to use them and having the skills to use them well. This chapter looks at where AI is making a difference, how SMBs are using it safely and what's holding them back.

1. Growth, scale, and the strategic intent

At the heart of this transformation is a pragmatic approach to technology adoption, with Indian SMBs largely using AI to augment and supercharge existing capabilities.

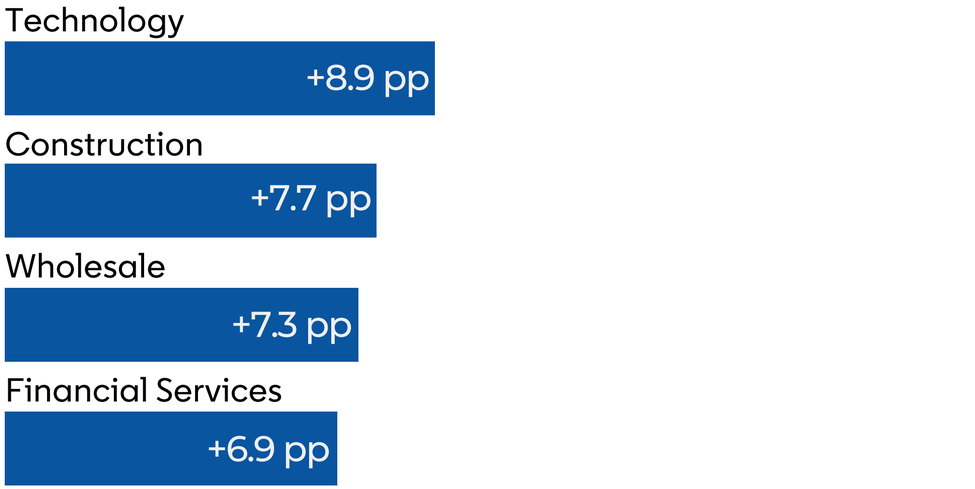
AI is closely linked to business growth and organisational scale. According to LinkedIn data, AI-enabled SMBs in India grew their headcount 5.2 percentage points (pp) faster than SMBs with lower AI adoption in the first half of 2026. That gap is more than double the global SMB average (+2.1 pp), suggesting AI is helping smaller businesses overcome traditional resource constraints. The lift is strongest across sections, including Technology (+8.9 pp), Construction (+7.7 pp), Wholesale (+7.3 pp) and Financial Services (+6.9 pp).

Figure 1.1.1: Headcount growth among AI-enabled SMBs



Source: LinkedIn Network Data

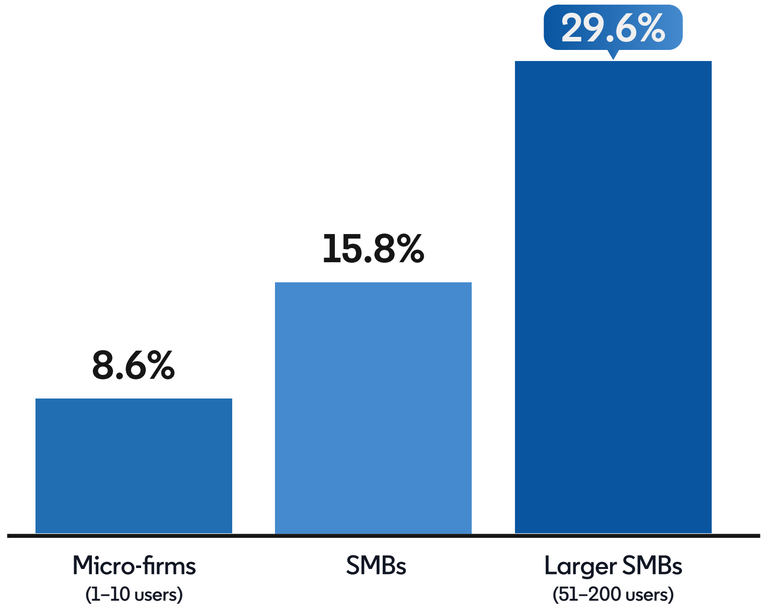
Figure 1.1.2: Where AI-enabled SMBs are growing headcount fastest



Takeaway: The lift isn't limited to tech: Construction, wholesale and financial services follow closely.
Source: LinkedIn Network Data

AI adoption also varies by company size. Zoho People data shows that, for companies trying to grow beyond micro-business size, this pragmatic use of AI becomes more common. AI adoption in HR rises sharply with headcount: only 8.6% of micro-firms use AI in their HR technology, compared with 29.6% of larger SMBs, possibly as the sheer volume of routine operational and administrative queries grows. Across all SMBs, 15.8% use its conversational AI assistant, and larger SMBs are more than three times as likely as micro-firms to use it. These figures measure use of one HR feature among Zoho People customers. They do not measure AI use across the whole business.

Figure 1.1.3: AI adoption in HR tech by company size



Takeaway: Larger SMBs are more than three times as likely to use embedded AI.
Source: Zoho People Data

2. Streamlining operations and securing the enterprise

For larger or growing SMBs, AI is becoming a vital productivity booster in everyday operations and administration. The effect is clearest in sales and business development. 74% of India-HQ SMBs maintain a dedicated sales function while relying heavily on lean management structures, so operational efficiency is paramount. LinkedIn data shows that sellers using AI carry out roughly 40% more sales activity (prospecting and outreach) per seller over a trailing 12-month window, and connect with nearly twice as many decision-makers as non-AI sellers.

Figure 1.2.1: Sellers who use AI are more active and reach more buyers

~40%	More sales activity
~2x	Decision makers reached

Source: LinkedIn Network Data

Zoho Workplace usage data shows how SMBs are balancing productivity and data security in practice. As AI moves into everyday work, with AI-assisted search in the suite roughly doubling, scaling automation introduces a critical friction point: sensitive data must stay protected while productivity rises. An early group of organisations is addressing this through ‘Bring-Your-Own-Key’ (BYOK) set-ups, in which a business connects the AI model of its choice to its work tools using its own access key, so the AI runs under the contracts, data policies and usage limits the business already manages.

Leading third-party AI providers power nearly nine in 10 of these set-ups, which suggests that early adopters are choosing AI on their own governance terms.

The same caution shows up in sales systems. Rather than immediately deploying fully autonomous agents, newly digitised SMBs are adopting a 'graduated trust' model: they start with low-risk uses of AI and extend its role only as confidence grows. A common first step is to connect familiar AI assistants directly to CRM platforms, ask questions about their pipeline, contacts and activities in plain language and get answers, without building filters or reports by hand. This can be a practical first step, and a potentially safer one, provided access controls, data-protection obligations and vendor terms are reviewed. It works within existing permissions, so people only see what they already have access to.

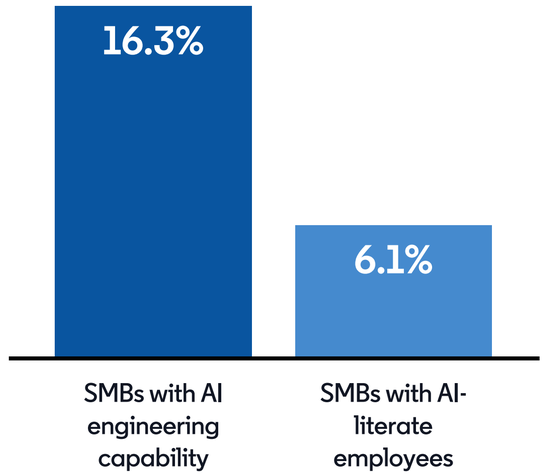
Governance, in other words, shapes how SMBs adopt AI internally. With that footing in place, the remaining constraint is people: whether teams have the skills to use AI well.

3. AI in sales, marketing and communications

Better tools and safer set-ups both depend on people who know how to use AI, and this is where SMBs face their biggest constraint. While tools and frameworks are increasingly accessible, workforce readiness may still bottleneck the pace of AI adoption. SMBs are further ahead in building AI than in using it: LinkedIn data shows that 16.3% of SMBs have AI engineering skills in-house, but only 6.1% have employees with everyday AI literacy (skills such as using generative AI tools in their daily work).

These figures reflect AI skills listed on employees' LinkedIn profiles, rather than actual AI usage. For most SMBs, especially those outside tech, everyday AI literacy matters more than AI engineering skills: a retailer or a manufacturer doesn't need to build AI, but its people need to know how to use it. The answer is to choose tools with AI built in, and to build AI skills across the whole team, not just in a few specialists.

Figure 1.3.1: The AI skills gap inside SMBs



Takeaway: SMBs need to build the skills for using AI.

Source: LinkedIn Network Data

For SMBs that lack the training budgets of large companies, bridging this gap calls for low-cost, practical upskilling and a deliberate shift in mindset towards strategic oversight. The actions below set out how.

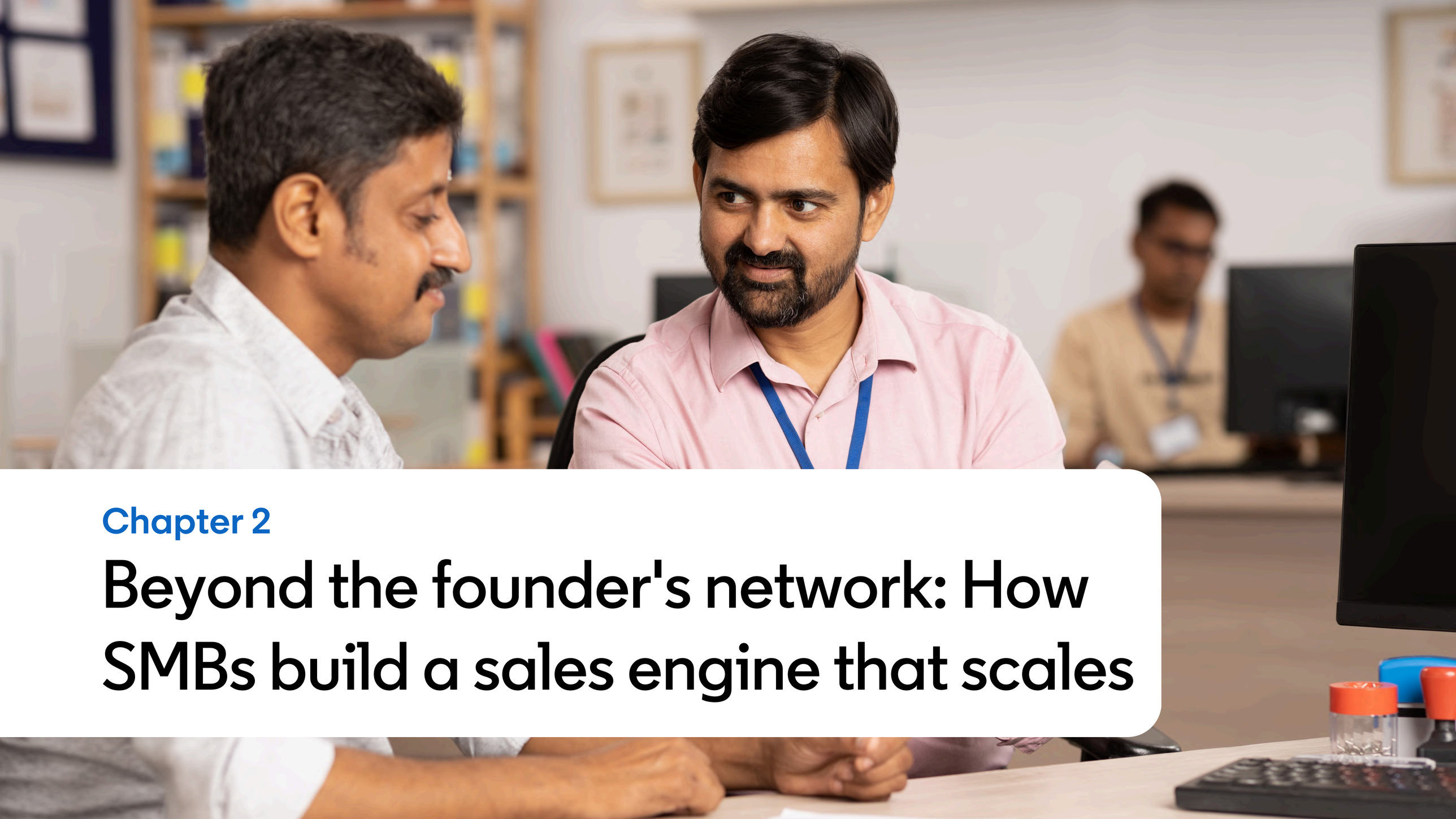


Where this leaves Indian SMBs

The story of the Indian SMB in the age of AI is not one of sweeping transformation. It is one of steady, practical progress. Many SMBs already use AI in a few areas, but few yet use it across the business or have the skills to use it well. From pragmatically improving what they already do rather than reinventing, to the pressure to work more efficiently as they grow, to how they talk about AI to customers, Indian SMBs are laying the groundwork for AI to drive their next phase of growth. Those that move from trying AI to building it into everyday work, safely and with the right skills, will be best placed to pull ahead.

1. **Start with one workflow.** Pick one area, such as drafting sales follow-up emails or answering routine HR queries, and show how AI can improve the way work gets done and the results it delivers.
2. **Put guardrails in place first.** Connect AI to the tools you already use, within your existing permissions and data policies.
3. **Build AI skills across the team.** Use short online courses and peer learning opportunities to develop practical skills, then encourage employees to identify ways to apply AI in their everyday work.

The next chapter looks at how SMBs are building a sales engine that scales beyond the founder.



Chapter 2

Beyond the founder's network: How SMBs build a sales engine that scales

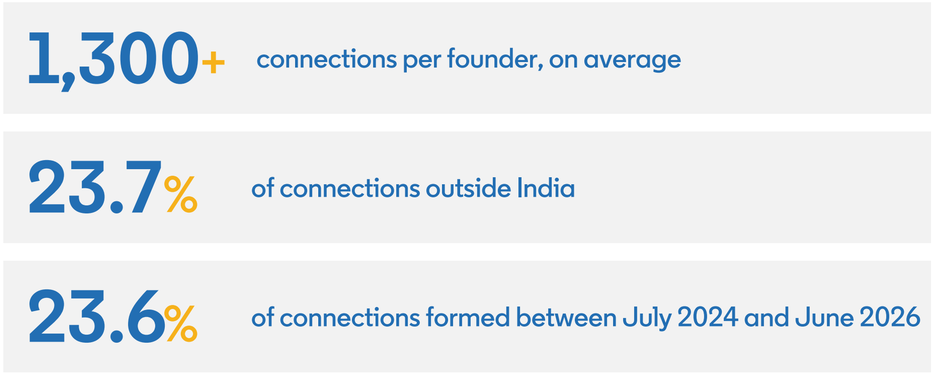
In many Indian SMBs, sales still depend heavily on the founder's personal network. LinkedIn data shows that only about 1 in 3 SMBs has a formal sales leader at Director, VP or CXO level, so the founder is often the head of sales and the face of the brand at the same time. The founder's network is a strong start, but it has limits. To grow, SMBs need a systematic way to find new buyers and follow up on every lead. This chapter looks at how they're doing it: by bringing in new buyers, using sales intelligence to find the right ones and managing every deal in a CRM.

1. The founder's network: A foundation to build on

Most SMB sales start with the founder's relationships. In a small, flat business, the founder is close to every deal. LinkedIn data shows that more than 80,000 India-headquartered SMB founders average over 1,300 connections each, with 23.7% of those connections outside India and nearly a quarter formed between July 2024 and June 2026, a sign that founders are still actively building the relationships their sales depend on.

That's a valuable start. But a network built over years isn't the same as a pipeline aimed at the right buyers.

Figure 2.1.1: The founder network at scale



Takeaway: Founders have a broad and international network.
Source: LinkedIn Network Data

SMB sales leaders are well connected, with more than twice as many connections as their counterparts in large enterprises. Selling through personal networks works in the early stages, but one person can only reach so many people, and the right buyers are not always in their network yet. As SMBs outgrow the founder's network, they need to sell the way larger companies do: by planning who they sell to. They identify high-potential companies, prioritise target accounts and map the decision-makers within them, often using sales intelligence tools to do so.

2. Bringing in buyers the founder and senior leaders do not know

The next step is to reach buyers beyond the founder's existing network. Digital advertising on platforms, like LinkedIn, can help SMBs reach new audiences and generate leads, while CRM tools help them manage those relationships and nurture potential customers over time.

But reaching new buyers is only part of the equation. Staying visible and relevant matters, too. The SMB advertisers that earn the strongest engagement are those that maintain a consistent presence and regularly refresh their messaging. The next chapter explores what they do differently.

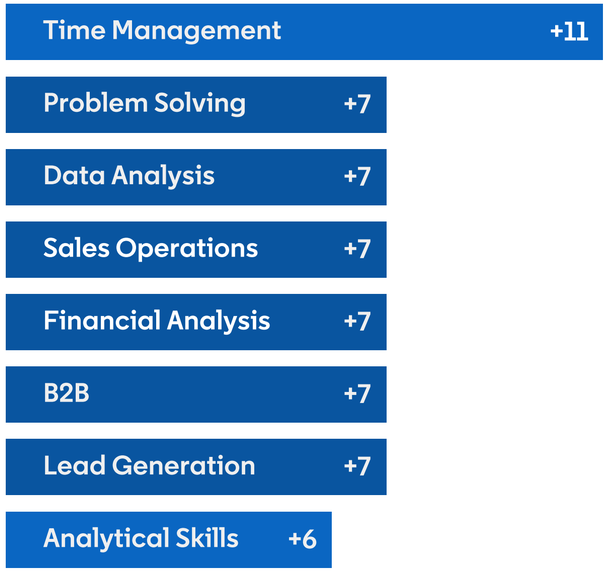
3. Sales intelligence: Finding the right buyers, faster

Sales intelligence tools help lean teams find the right accounts, see who is in the buying group, spot shared connections and act on buying signals, such as a new leader joining or a new round of funding. With relevant and targeted tools, even a two-person sales team can build and prioritise a target account list, rather than relying on who the founder knows.

As SMBs adopt these tools, the skills they look for in sellers are changing. Time management, data analysis and lead generation are rising fastest, while generic office and management skills are falling. SMB sellers are becoming more analytical: planning their pipeline with data, not just pitching.

AI-enabled SMBs show consistently larger and faster-growing networks than non-AI peers. AI also adds speed. AI-enabled SMB sellers build their networks faster: connections built per seller per month rose 40% in the 12 months after adopting AI, against 31% for a comparable non-AI control group, a net gain of about 9 points.

Figure 2.3.1: Sales skills rising fastest in SMBs (ranking places gained over 24 months)



Takeaway: SMB sales skills are turning analytical.

Source: LinkedIn Network Data

4. The CRM: Making sure no lead slips through

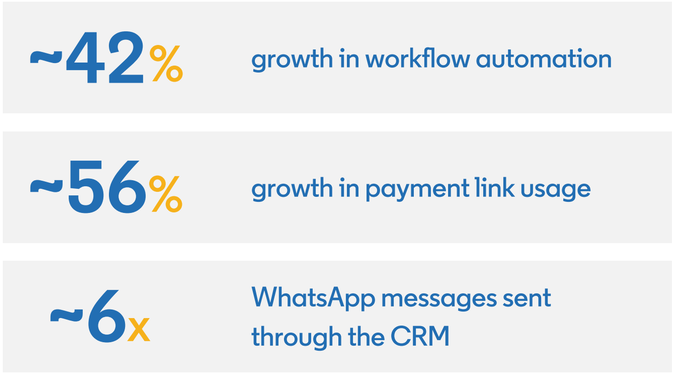
Sales intelligence helps SMBs find the right buyers. A CRM makes sure none of them slip through. In the early days, a founder can keep track of every lead, follow-up and payment in their head or on a spreadsheet. As the business grows, that stops working. Leads go cold, follow-ups are missed and payments arrive late, and a lean team can't afford any of it.

As SMBs grow, they're increasingly using CRM tools to manage their sales processes more efficiently. Zoho data shows that use of workflow automation rose 41.9% between June 2025 and May 2026, as businesses use CRM tools to assign new leads automatically and flag deals that have stalled.

Getting paid faster matters too. For a small business, late payments can quickly become a cash-flow problem. Use of payment links rose 55.6% in the first nine months of 2026 compared with the same period of 2025, helping customers pay as soon as a deal is agreed.

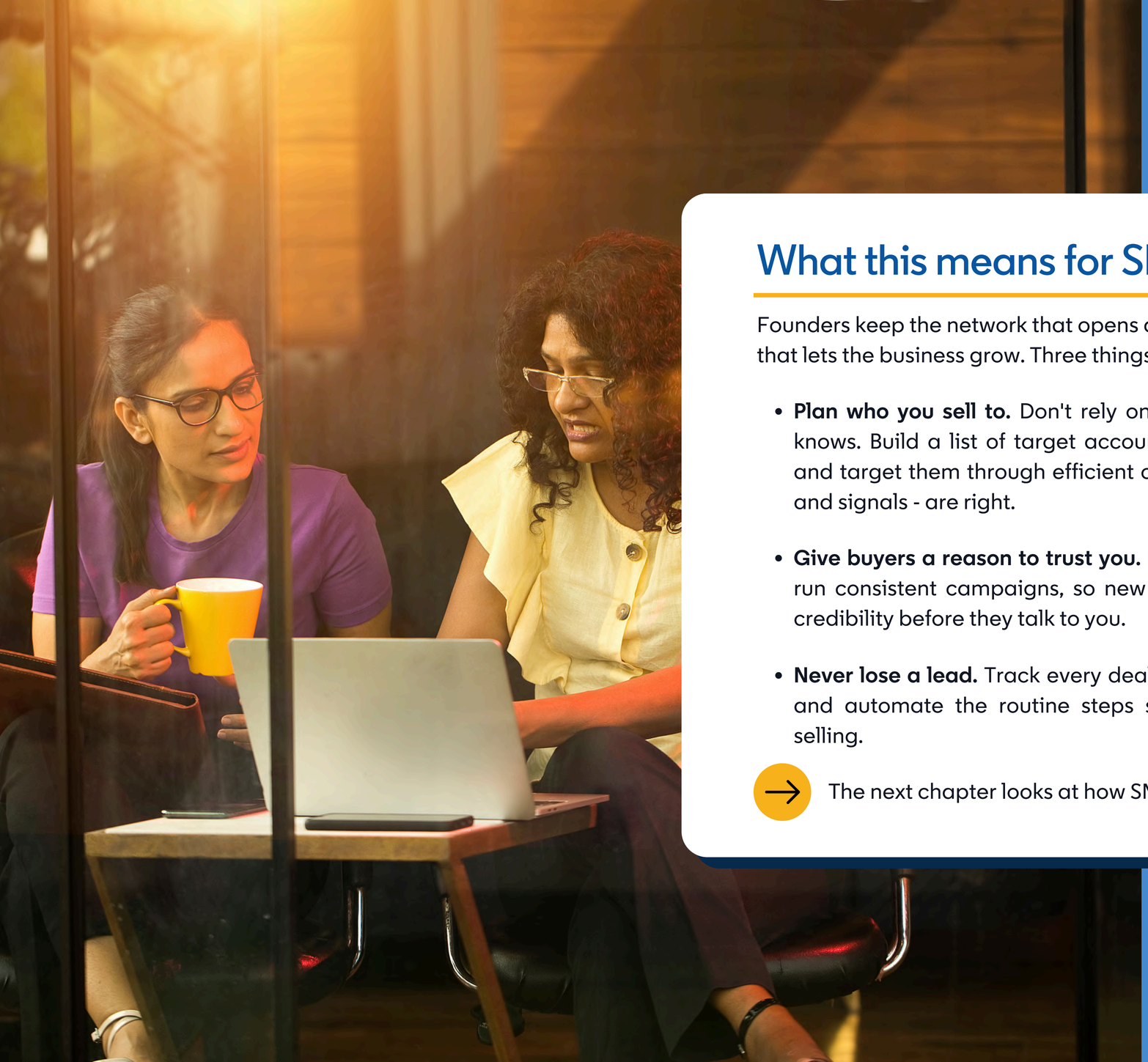
Buyers are also changing how they talk to sellers. WhatsApp messages sent through the CRM rose about sixfold. This allows SMBs to manage more of the customer relationship, from initial conversations to final payment, in one place and through the channels the buyer prefers.

Figure 2.4.1: How SMBs are using their CRM



Takeaway: SMBs are using their CRM to follow up faster, get paid sooner and sell where their buyers are.
Source: Bigin by Zoho CRM Data

Technology is one part of the growth equation. For SMBs looking to scale, finding the right customers and building strong relationships matters just as much.



What this means for SMB leaders

Founders keep the network that opens doors, and systems bring the discipline that lets the business grow. Three things to act on:

- **Plan who you sell to.** Don't rely only on who the founder or sales team knows. Build a list of target accounts, find the decision-makers in them and target them through efficient channels. Reach out when the timing - and signals - are right.
- **Give buyers a reason to trust you.** Keep your Company Page active and run consistent campaigns, so new buyers can find you and check your credibility before they talk to you.
- **Never lose a lead.** Track every deal, follow-up and payment in one CRM, and automate the routine steps so your team can spend more time selling.

→ The next chapter looks at how SMBs earn buyers' trust in public.



Chapter 3

Earning trust in public: How SMBs build visibility and credibility

Indian SMBs are building buyer trust through marketing that is consistent, varied and reaches buyers at every stage. Long before an Indian SMB speaks to a buyer, that buyer has already formed a view. They have searched for the business; they rely on LLMs to help them create a shortlist, scroll its company page, read what its founders post and weigh it against the alternatives. By the time a sales conversation begins, the shortlist is often already set.

For SMBs with limited budgets and little brand recognition, this is both a challenge and an opportunity. Trust is no longer earned only in meeting rooms. It is earned in public, through visibility that is consistent, credible and aimed at the right people. The SMBs that win are not always the biggest. They are the most buyable: easy to find, easy to trust and easy to choose, what LinkedIn's B2B Institute calls Buyability.

This chapter uses LinkedIn data on how SMB advertisers market themselves and how audiences respond. Most of it covers SMBs that advertise on LinkedIn, but the lessons apply to any SMB building a presence, paid or not.

1. Be Discoverable: Presence grows, and audiences respond

Trust begins with visibility, and LinkedIn data shows that more SMBs are marketing themselves on LinkedIn: average monthly active SMB advertisers grew approximately 13% year on year, reflecting the growing number of small businesses using LinkedIn to reach potential customers and build their brands. And, as more advertisers enter the SMB ecosystem, the pool of businesses offering products and services expands, giving buyers more options to choose from.

Figure 3.1.1: SMBs are focusing on building their brand

+13%

growth in average monthly active SMB advertisers, year-on-year.

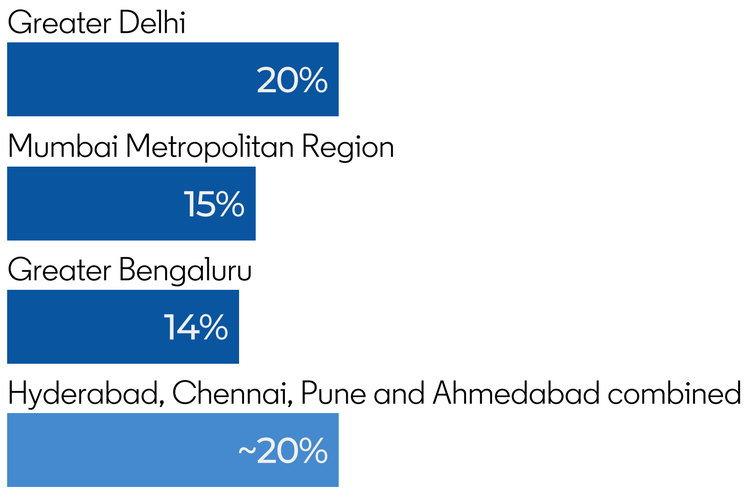
Takeaway: LinkedIn marketing now reaches a broader base of Indian SMBs.
Source: LinkedIn Network Data

Audiences are responding too. Click-through rates (CTRs) rose roughly 81% year on year, reaching their highest monthly level in two years. Clicks don't prove buying intent, but they are an early signal that audiences are paying more attention. For SMBs, this means that a credible presence where buyers spend their time is becoming essential.

2. Visibility isn't just for tech firms or big cities

SMB advertisers on LinkedIn are a diverse group, by industry and by city. Professional Services makes up 31% of SMB advertisers, followed by Technology, Information and Media at 14% and Manufacturing at 11%. They are spread across the country, too: Greater Delhi (20%), the Mumbai Metropolitan Region (15%) and Greater Bengaluru (14%) have the most advertisers, while Hyderabad, Chennai, Pune and Ahmedabad together account for about 20%. Whatever their industry or city, SMBs peers are already building visibility with buyers, so standing out takes more than simply showing up.

Fig 3.2.1: Where SMB advertisers are based (share of advertisers)



Takeaway: Beyond the big three metros, four more cities make up about a fifth of SMB advertisers.
Source: LinkedIn Network Data

Company age shows who is behind this growth. Businesses founded in 2015 or later outnumber those established before 2010 by nearly 3 to 1. Newer businesses are building digital marketing into their operating model from the start, while established SMBs are catching up and modernising how they create demand.

With SMBs from every sector, city and stage now visible to the same buyers, being present is no longer enough to stand out. What sets a business apart is whether buyers trust it, through clear expertise, customer proof and a consistent presence. That gives newer businesses the same chance as established ones to show they are credible.

3. What the strongest SMB advertisers do differently

So what sets the highest-engagement advertisers apart? LinkedIn data shows that the 10% of SMB advertisers with the highest ad engagement keep their campaigns active 26% longer and use 83% more ad creatives than the 10% with the lowest engagement. This doesn't prove cause and effect, but it suggests that staying visible and refreshing your message matters. LinkedIn's B2B Institute calls this the 95-5 rule: around 95% of potential buyers are not ready to buy at any given time. The strongest SMB advertisers do two things at once: they stay visible to the many buyers who aren't ready yet, and run focused campaigns to win those who are.

They also aim at the right people, whether their customers are in India or abroad. Targeting by job title, industry, company size and location means less money spent on the wrong audience. And the best performers mix formats: Video Ads to reach a wide audience, Document Ads to go deeper with interested buyers, and Thought Leader Ads to add a trusted human voice. Each touchpoint should pick up where the last one left off. For SMBs, the lesson is to keep showing up, keep refreshing their creatives and match their message to where the buyer is in their journey.

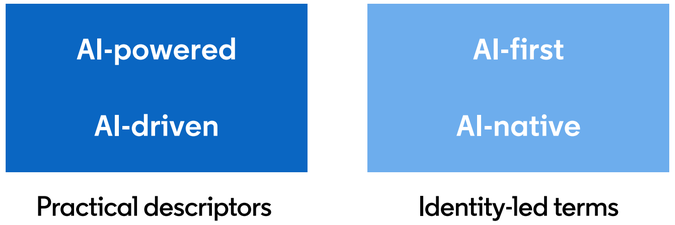
4. AI enters the SMB narrative at different speeds

Some SMBs, mostly those that sell technology or tech-enabled services, are now adding AI to the story they tell about their capabilities. Roughly 1 in 6 SMB advertisers reference AI in their ads, focusing on what AI enables rather than defining their businesses around AI itself. Terms such as 'AI-powered' and 'AI-driven' are far more common than 'AI-native', suggesting that SMBs are positioning AI as a practical capability that enhances their products and services. This measures how businesses describe themselves in their ads, not how much AI they use in operations.

And audiences are responding. LinkedIn data shows that SMB campaigns using AI messaging achieve higher engagement than standard content: click-through rates are 18% higher, total engagement rates 11% higher (1.18% compared to 1.063%) and video completion rates 7% higher (19.2% compared to 18.0%). These comparisons span different formats and sectors and aren't adjusted for them, but they show audiences responding to AI-focused messages.

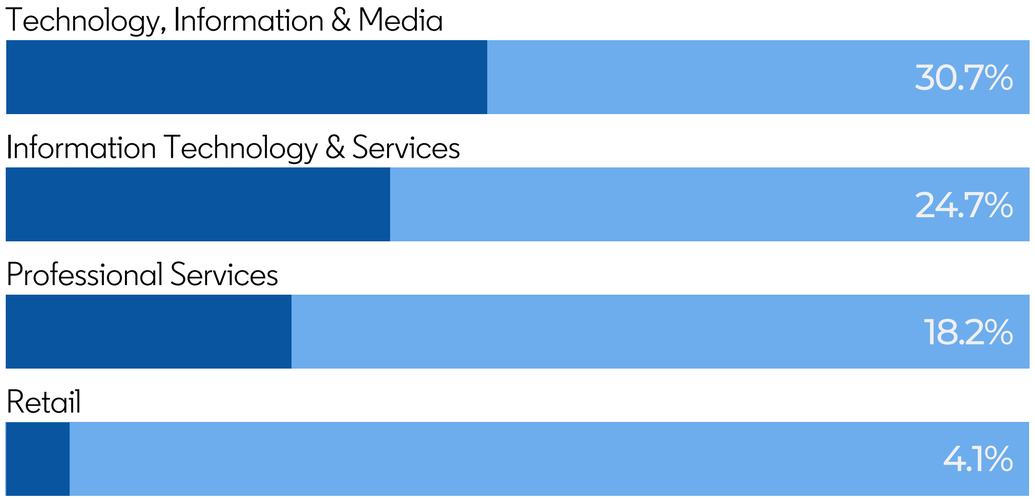
The use of AI-related messaging in advertising varies significantly by industry. Nearly 31% of SMB advertisers in technology, information and media reference AI in their ads, compared with about 25% in IT services and just 4% in retail. Professional services account for the largest number of advertisers referencing AI overall. While some industries are more likely than others to highlight AI in their marketing, the focus should be on how it helps solve a customer's problem. For a software firm, AI may be central to its offering. For a florist in Pune, it probably isn't.

Fig 3.4.1: How SMBs talk about AI



Takeaway: Practical descriptors dominate while identity-led terms remain rare.
Source: LinkedIn Network Data.

Fig 3.4.2: How often SMB advertisers reference AI in their ads, by industry



Takeaway: Industries are adopting AI positioning at very different speeds.
Source: LinkedIn Network Data

5. Getting the most from a limited budget

For SMBs with limited marketing resources, reaching the right audience matters more than reaching the largest one. Effective marketing starts with understanding who your buyers are, what matters to them and how your business can help. On LinkedIn, SMBs can reach relevant decision makers across India's 193M+ members by targeting attributes of the buyer group, such as job title, industry, company size and location. For example, a Pune equipment maker can reach plant leaders at manufacturers across Maharashtra, while a Kochi logistics firm can focus on procurement managers at exporters in South India.

But reaching the right people is only the first step. SMBs can use Matched Audiences to re-engage with potential customers who have already shown interest, Lead Gen Forms make it easier for buyers to express interest without leaving the platform. Using Conversions API to measure which campaigns generate meaningful business outcomes, rather than just clicks, can help businesses make more informed marketing decisions. Combined with a consistent brand presence through their Company Page and employees, these approaches can help SMBs build awareness, strengthen relationships and turn interest into business opportunities.

6. Beyond ads, your company and your people

Ads are only part of the picture. Based on LinkedIn's Small Business research, 9 in 10 (88%) small business owners agree that as AI plays a larger role in operations, having a strong professional network will become more valuable. To establish professional credibility, 80% of founders have turned into 'creator-founders', using authentic personal branding to win clients, demonstrate expertise, and attract talent. In fact, 85% say their personal brand directly adds credibility, 86% equate showing up authentically online with in-person presence, and 89% call brand reputation key to achieving their 3–5 year goals.[*1] Founders already hold large professional networks (Chapter 2), and regular posting turns those networks into an audience for the business.

1. LinkedIn Small Business Research, featured by LinkedIn News India



What this means for SMB leaders

Trust is earned in public, through consistent, well-targeted visibility. Buyers need to find you, trust you and see what you do for them.

1. **Be easy to find:** Keep your Company Page active and stay visible all year. With limited resources, balancing brand visibility with reaching the right buyers is key.

2. **Put founders in front:** Encourage founders and senior leaders to build their own presence on LinkedIn, and get employees and existing customers to add to the same consistent story, backed by proof. People and results build trust faster.

3. **Get AI-led messaging right:** Lead with the customer's problem and the result you deliver. Mention AI only when it explains how you get there.

Consistent visibility, organic and paid, builds trust with buyers over time.

The next chapter looks at what it takes to hire, upskill and support the people who turn that attention into growth.



Chapter 4

People and technology: How SMBs hire, upskill and scale

As Indian SMBs grow, their people and the tools they use need to grow with them. Finding people with the right skills is one of the biggest challenges small businesses face, and in a small team every hire matters. LinkedIn and Zoho data show that AI-enabled SMBs are growing their teams faster, but most are still building the skills to use AI well. This chapter looks at how SMBs find, build and manage the talent they need to scale.

1. AI-enabled SMBs are growing their teams faster

As Chapter 1 showed, AI-enabled SMBs (those where at least 5% of employees have AI talent[*1]) grew their headcount 5.2 pp faster than less-enabled peers. The gap is much smaller for mid-market companies, at 0.9 pp, suggesting the link between AI talent and team growth is strongest among smaller businesses.

The gain extends beyond tech: construction, wholesale trade and financial services follow technology closely (Chapter 1).

2. Know where the skills are

The AI skills gap is covered in Chapter 1. Beyond AI, each Indian city has its own talent strengths, which matters when you are hiring. Bengaluru leads in AI, software engineering and telecoms; Mumbai in computer graphics and scientific research; Pune in industrial engineering and materials science; Hyderabad in enterprise software; and Delhi in public sector management and digital marketing.

Figure 4.2.1: Each city has its own talent strengths

Bengaluru	AI, software engineering and telecoms
Mumbai	Computer graphics and scientific research
Pune	Industrial engineering and materials science
Hyderabad	Enterprise software
Delhi	Public sector management and digital marketing

Source: LinkedIn Network Data

3. Finding the right hire

India's talent landscape is evolving rapidly, creating two distinct challenges for SMBs. First, keeping pace with change – many of the fastest-growing jobs and skills in India[*2,3] have emerged only in recent years, and 20% of hires today are going into roles that didn't even exist a couple of decades ago. Second, competing for talent – SMBs often face stiff competition from larger companies when trying to attract highly specialised talent, particularly in areas such as AI.

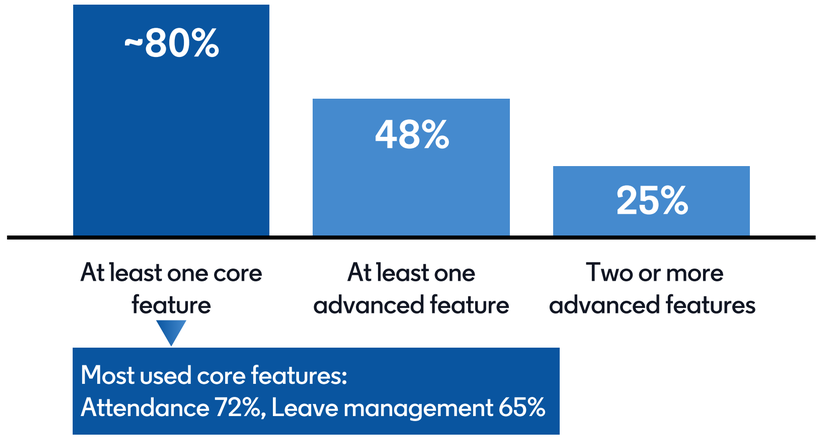
LinkedIn data finds that companies that take a skills-based approach and hire for skills rather than job titles or degrees can reach 11x more candidates on average in India, and for AI roles specifically, the pipeline increases even more (22 times)[*4]. AI-powered hiring tools can support lean HR teams in the hiring process, for example by accelerating sourcing and outreach, hence freeing up more capacity to focus on partnering with the business and improving the candidate experience.[*5]

4. HR systems that grow with your business

Once a team grows past a few dozen people, spreadsheets and WhatsApp groups stop being enough. Among Zoho People customers, about 80% use core HR features, mainly attendance tracking (around 72%) and leave management (around 65%). But far fewer go further: about half use at least one advanced feature, and only a quarter use two or more.

Size makes the difference. Only 9% of micro-firms[*6] use several advanced features, compared with 68% of larger SMBs. The tipping point is around 50 employees.

Figure 4.4.1: HR tech adoption among SMBs



Takeaway: Core features are widely used, while advanced features reach under half of SMBs and two or more reach about a quarter.
Source: Zoho People Data

That's when informal ways of working break down and businesses start to digitise how they manage people. When they do, founders want tools that fit how they already work, not the other way round. Custom workflows (about 35%) and custom modules (27%) are the most used advanced features, well ahead of ready-made ones such as performance management (14%), learning management (6%) and help desk (6%).

Formal performance reviews are still rare: about 11% use self-appraisals and about 4% use continuous appraisals. Zoho's built-in AI assistant is mostly used to answer routine questions about leave or HR policies, so small HR teams can spend more time on people and less on paperwork.

5. How teams work together

Among Zoho Workplace customers, team chat makes up about 60% of weekday activity and email about 24%. Usage is 8 to 10 times higher on weekdays than at weekends, a sign that work tools help keep work within working hours. Scheduling, file sharing and the usage of internal community tools grew by 40% to 50% over the year.

Email is still the front door to work. 82% of organisation-level Mail integrations connect to meetings and shared documents, as well as CRM, HR and finance apps. That is where meetings get scheduled, files get shared, and client conversations get logged.

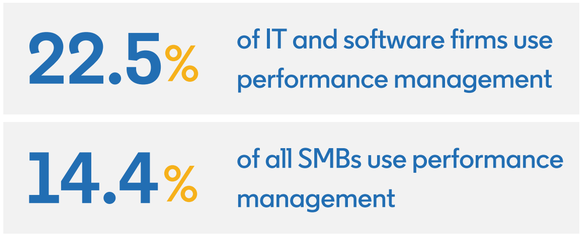
Security is catching up as teams grow: use of password management tools rose by about 35% suggesting that businesses are moving away from shared spreadsheets. Outside the big metros, southern tier 2 cities such as Coimbatore, Kochi and Madurai are emerging as strong adopters of digital workplace tools, driven by manufacturing and export clusters.

6. Tech and non-tech SMBs need different things

What SMBs need from HR and collaboration tools depends on the work they do. Among Zoho People customers, IT and software firms make the most of advanced tools: 22.5% use performance management, against 14.4% of all SMBs. Their business depends on skilled people who are expensive to lose, so keeping and developing talent comes first.

Professional services firms (excluding IT) focus on the basics: attendance (84%), leave (83%) and timesheets (36%). For consultancies and creative agencies, time is what they sell. Accurate timesheets linked to CRM and meetings are how they work out project profit and bill clients clearly.

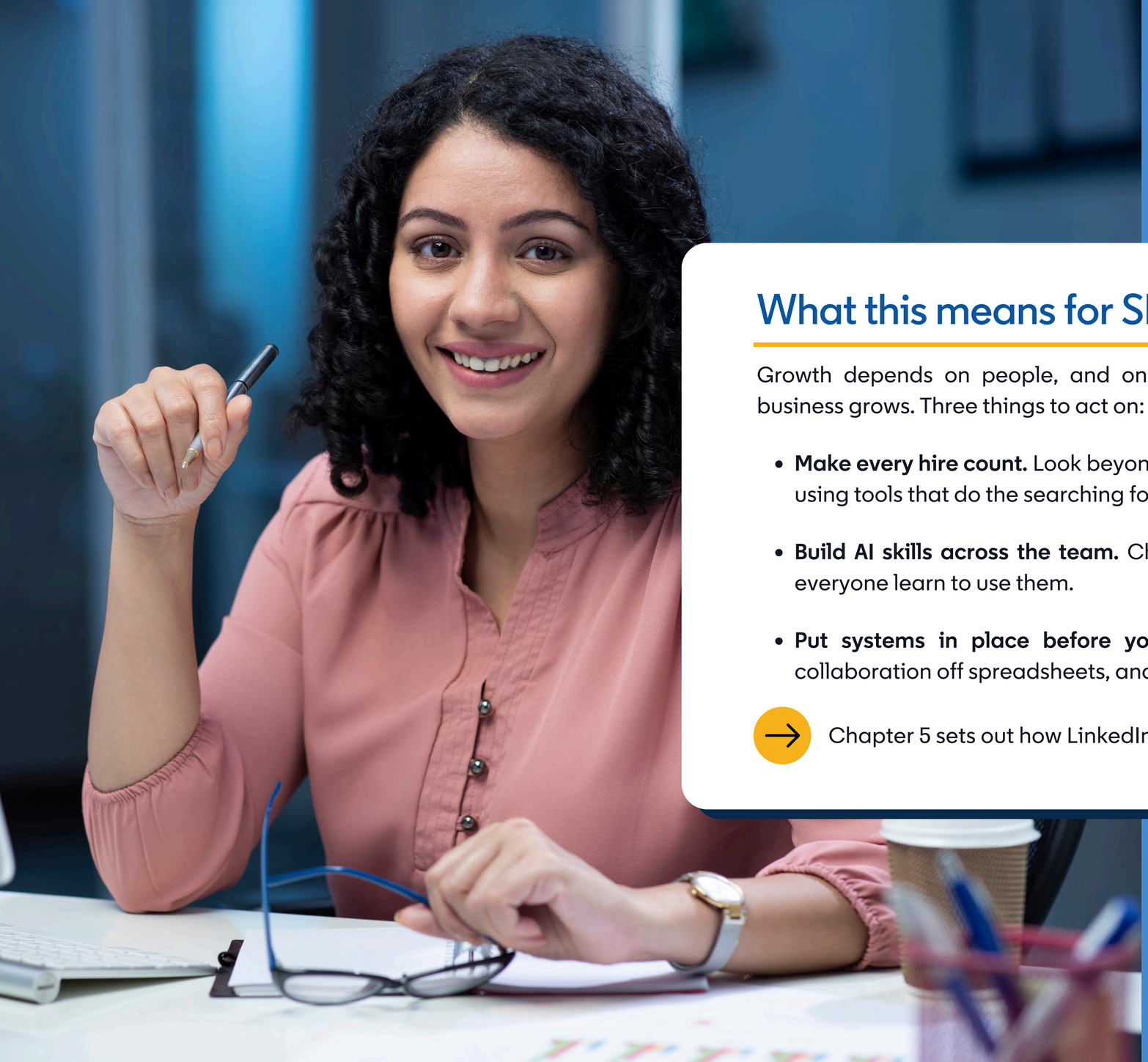
Figure 4.6.1: IT and software firms lead on advanced HR tools



Takeaway: IT and software firms lead advanced HR feature adoption.
Source: Zoho People Data

The retail sector looks very different. Attendance (79%) and leave (61%) lead, while just 9% use performance management, compared with 14.4% of all SMBs. Retailers run large, often shift-based teams on shop floors and in stores, so reliable scheduling matters more than formal appraisals.

**1. AI talent are members who are or have been employed in an AI-related role, or have listed at least 2 AI Engineering skills on their LinkedIn profile.*
**2. Data from LinkedIn News India*
**3. Data from LinkedIn News India*
**4. Report from LinkedIn Economic Graph titled 'Skills-Based Hiring: Increasing Access to Opportunity'*
**5. Case study by LinkedIn titled 'UOB accelerates hiring success with LinkedIn's Hiring Assistant'*
**6. The latest MSME classification has been applicable from 1 April 2025. It uses a composite criterion of investment and annual turnover. According to this classification, a micro-firm is one whose Investment in Plant & Machinery/Equipment is not more than INR 2.5 Crore and annual turnover is not more than INR 10 Crore.*



What this means for SMB leaders

Growth depends on people, and on giving them the right tools as the business grows. Three things to act on:

- **Make every hire count.** Look beyond your own network and hire for skills, using tools that do the searching for you.
- **Build AI skills across the team.** Choose tools with AI built in, and help everyone learn to use them.
- **Put systems in place before you reach 50 people.** Move HR and collaboration off spreadsheets, and choose tools that fit how you work.

→ Chapter 5 sets out how LinkedIn and Zoho can help at each step.



Chapter 5

The road ahead for sustained growth

The four preceding chapters each ended with practical steps for SMB leaders. This chapter shows how LinkedIn and Zoho can help put these recommendations into action, regardless of where a business is in its growth journey. Together, the tools address the challenges founders raise most often: finding customers, hiring the right people and making technology work with a lean team.

1. Put AI at work, one step at a time

SMB leaders can start with one workflow, such as HR queries or sales follow-up, and expand AI use as teams become more comfortable. Before doing so, they should establish clear guidelines for what data AI tools can access. In Zoho People, for example, Zia, Zoho's AI assistant, works within existing HR processes, helping lean teams answer routine questions, generate reports and identify workforce trends.

AI is also becoming part of the tools SMBs use to find customers and market their businesses. LinkedIn Sales Navigator uses AI to help sales teams identify relevant prospects and uncover opportunities, while LinkedIn's Campaign Manager uses AI to help marketers reach relevant audiences and optimise their advertising campaigns. LinkedIn Learning also offers role-relevant courses on generative AI and practical AI skills, helping employees build the capabilities to use these technologies effectively.

2. Build a sales engine that scales beyond the founder's network

A sales engine that scales helps SMBs reach buyers beyond the founder's network, build awareness and generate demand, and manage customer relationships over time. For founders still building their professional networks, LinkedIn Premium Business can help them discover who's engaging with their profile and connect with potential customers beyond their existing relationships.

As businesses grow and their sales needs become more complex, LinkedIn Sales Navigator helps sales teams identify relevant buyers, gain insights into potential customers, and build relationship beyond their existing contacts using filters like industry, region and seniority. LinkedIn Ads helps businesses build brand awareness, reach relevant audiences, and generate and capture demand. Bigin by Zoho CRM brings leads, deals, and customer communication into one workspace with tools to manage pipelines, automate follow-ups and simplify payments.

3. Earn trust with buyers

Before engaging with a business, buyers often look for information that helps them understand who the company is, what it offers, and whether it can meet their needs. For SMBs, building a consistent presence on LinkedIn can help establish familiarity and credibility with potential customers over time.

An active LinkedIn Company Page and regular posts from founders, senior leaders and employees help businesses share their expertise, perspectives and customer success stories in an authentic way. Paid advertising can complement these organic efforts by extending reach to relevant audiences and helping businesses stay visible through the buying journey. LinkedIn Ads offers a variety of ad formats, including video, carousel and document ads, along with targeting based on professional attributes such as job title, industry and company size. Thought Leader Ads allow businesses to boost posts from founders and employees, putting a credible human voice behind the brand.

Together, these approaches help SMBs build awareness, strengthen their brand presence and give buyers more opportunities to learn about their business. Verified pages and profiles can provide additional signals of authenticity, giving buyers greater confidence when engaging with businesses and professionals.

4. Hire, upskill and scale

Growth starts with hiring the right people. LinkedIn Jobs and Recruiter Lite help SMBs reach qualified candidates beyond their immediate networks, and hiring for skills, not just job titles or connections, widens the pool further. Once people join, Zoho People gives growing teams one place to manage onboarding, leave, attendance and performance, set up to fit how each business already works. As roles change, LinkedIn Learning helps teams keep their skills current. And as the business grows, integrated suites like Zoho Workplace bring everyday communication and collaboration together, with built-in security to protect it.



Conclusion

Indian SMBs are changing how they grow. Some are expanding overseas while most still sell mainly in India, and some sell technology while many more run shops, factories and service firms. Whatever the business, growth is starting to depend on systems and teams as well as on founders and senior leaders Turning early steps into everyday practices can help SMBs build a stronger foundation for long-term growth.

Progress doesn't have to happen all at once. It can start with one workflow, one thoughtful hire and one consistent story shared across the team. Whether you’re building from the ground up or guiding multiple teams, platforms like LinkedIn and Zoho offer flexible ways to support your journey forward.


LinkedIn
ZOHO