thirst

The State of L&D for SMBs 2026

Trends shaping how small to medium-sized businesses learn, grow, and prove their impact as learning evolves from a function to a growth engine.

When I speak to L&D leaders at small and mid-sized businesses, the same truth comes up again and again: you're expected to deliver the same results as enterprise teams, with a fraction of the resources.

Three out of four L&D teams tell us their spend will stay flat this year. That means the only way forward is smarter, not bigger.

If 2025 was the year AI entered the chat, 2026 is the year it gets real.

SMB learning teams aren't experimenting with AI anymore – they're relying on it. But while the tech has evolved at light speed, budgets haven't.

This year's report captures that shift perfectly. It shows a profession moving from activity to impact – from counting completions to proving outcomes. The message is clear: if you can't show value, you can't secure investment.

Yet it's not all pressure. The data also shows something hopeful: SMB L&D is getting strategic.

More teams are building skills frameworks, adopting AI-assisted tools, and measuring the things that really matter – productivity, retention, and growth.

Fred Thompson,
Founder & CEO, Thirst

The takeaway?

The future of learning in small and growing businesses will belong to those who can combine empathy, evidence, and efficiency.

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Executive Summary

The past year redefined what "impact" means in L&D. Budgets stayed frozen, expectations grew, and AI became every team's silent partner.

Budgets flat, expectations rising

76% of SMBs expect budgets to remain the same in 2026

Time poverty is real

39% of SMBs review their strategy yearly; and only 10% monthly

Proving ROI is now the #1 challenge
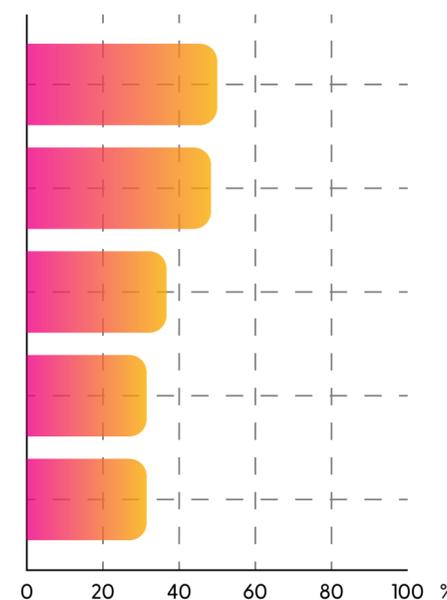
Moving ahead of learner engagement

AI usage has surged

⚡ 83% of SMBs now use AI
⬆️ 24% increase from 2025

2026 priorities

| Priority	%
Leadership development	
Closing skills gaps	
AI literacy & digital skills	
Compliance & mandatory training	
Employee retention & engagement	

0   20   40   60   80   100 %

The 2026 Reality Check

If 2025 was the year L&D experimented with AI, 2026 is the year it starts to count.

The macro picture is tough: tight budgets, economic uncertainty, and a talent market still catching up with digital transformation.

Yet beneath the pressure, there's progress.

SMB L&D teams are investing in efficiency and outcomes. They're automating reporting, personalising learning at scale, and building skills maps that connect directly to business goals.
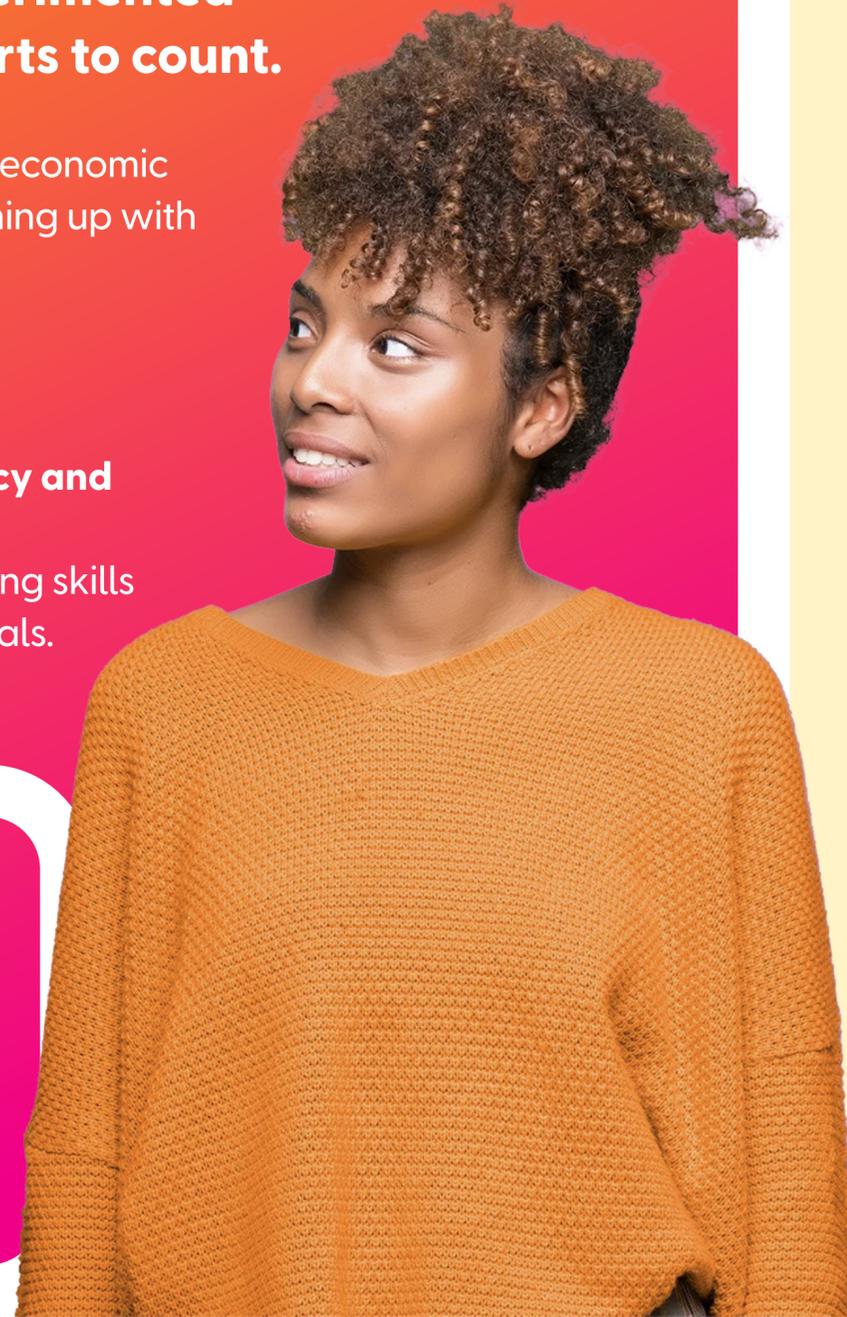
What changed since 2025:

⚖️ **Budgets Flat**
⬆️ **AI Usage Up Sharply**
⬆️ **Skills Frameworks Accelerating**
📉 **ROI Confidence Still Stubbornly Low.**

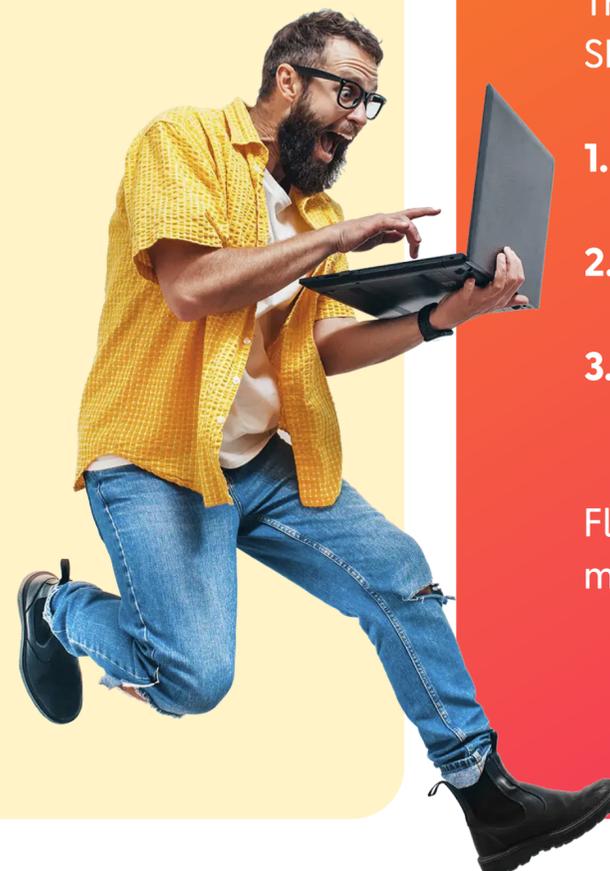## Has your AI adoption increased in the past 12 months?

No
(12.6%)

Planning
to in 2026
(4.9%)

Yes
(82.9%)
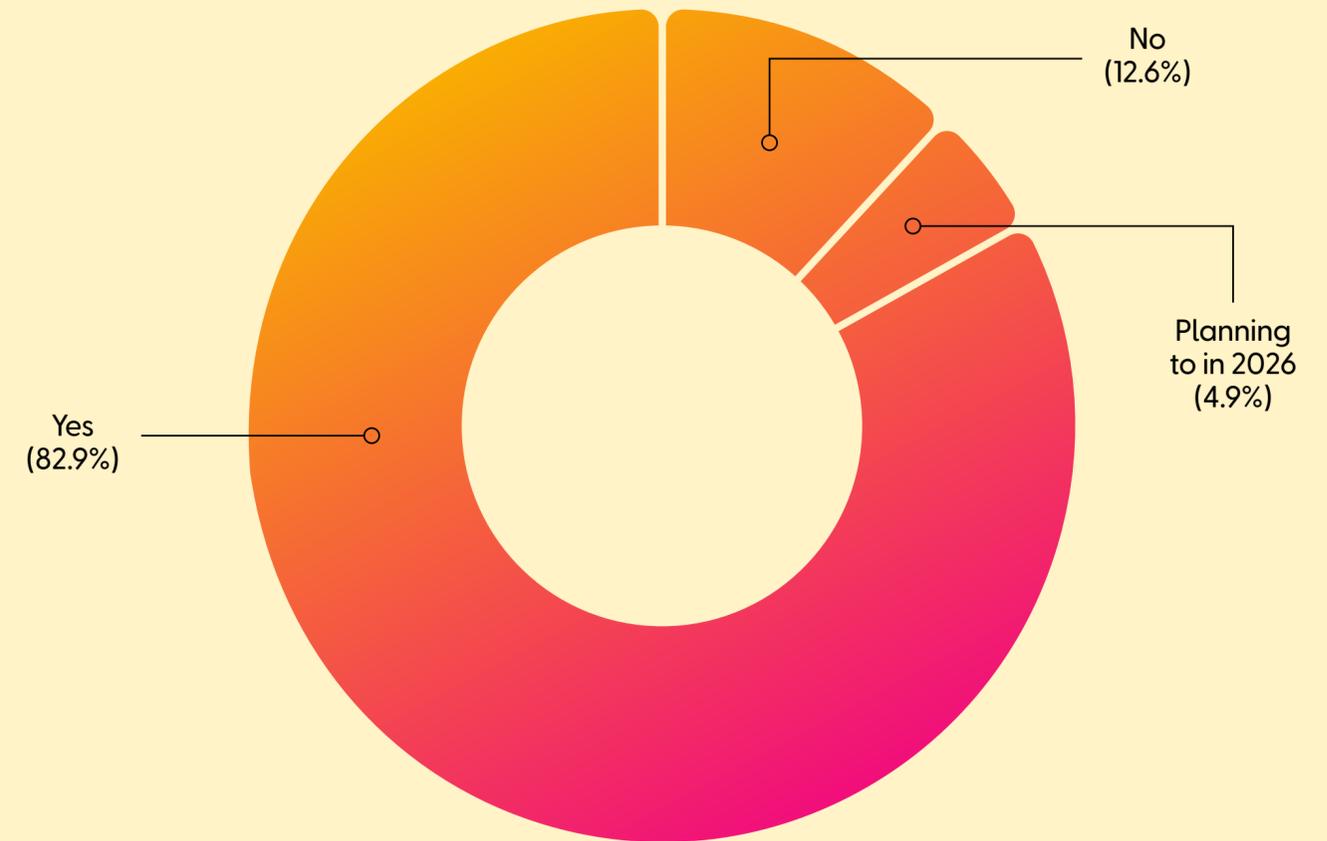
*AI adoption **reached** 83% in 2026, up from 59% in 2025*

Do you expect your L&D budget to increase, decrease, or remain the same in 2026?

Increase
(14.6%)

Decrease
(9.8%)

Remain
the same
(75.6%)
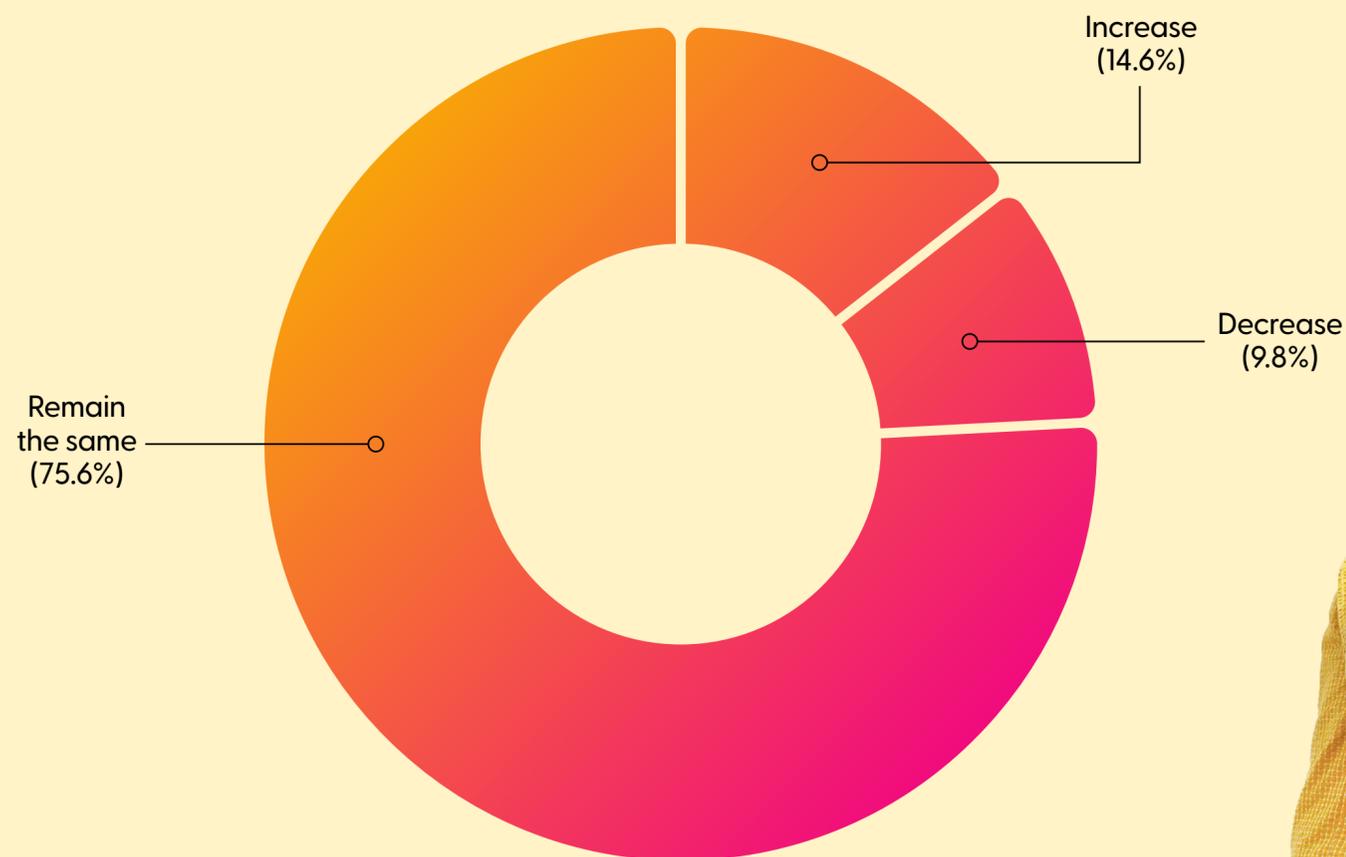
Flat budgets continue for most SMBs, matching 2025 levels

Flat Investment, Rising Pressure

The numbers couldn't be clearer: **most SMBs are entering 2026 with flat L&D budgets.**

This mirrors last year's sentiment and signals a shift in expectations – leaders aren't investing in more learning; they're investing in **proof that learning works**.

This budget reality is driving three behaviours across SMB L&D teams:

1. **Sharper prioritisation** of programmes tied directly to performance.
2. **Greater reliance on AI and automation** to keep delivery sustainable.
3. **More pressure to demonstrate ROI**, faster and with better evidence.

Flat budgets don't mean stagnation – they mean L&D must now operate with precision.

TREND 1

Prove It or Park It

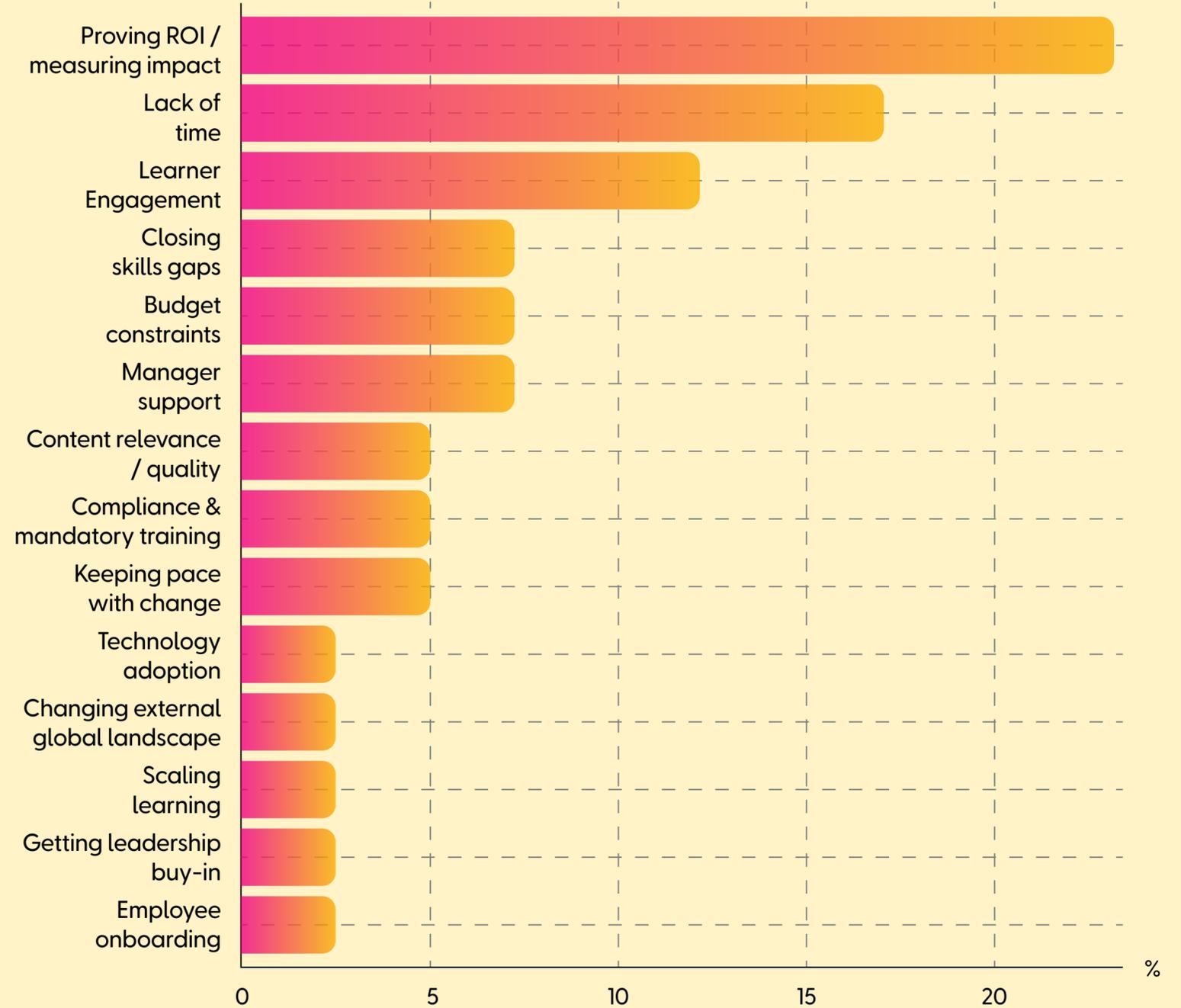**Budgets aren't growing, but expectations are.**

That's why ROI has become the new survival metric for L&D teams in 2026.

In this year's survey, **64% of respondents said their leadership expects proof of learning impact** – up from last year.
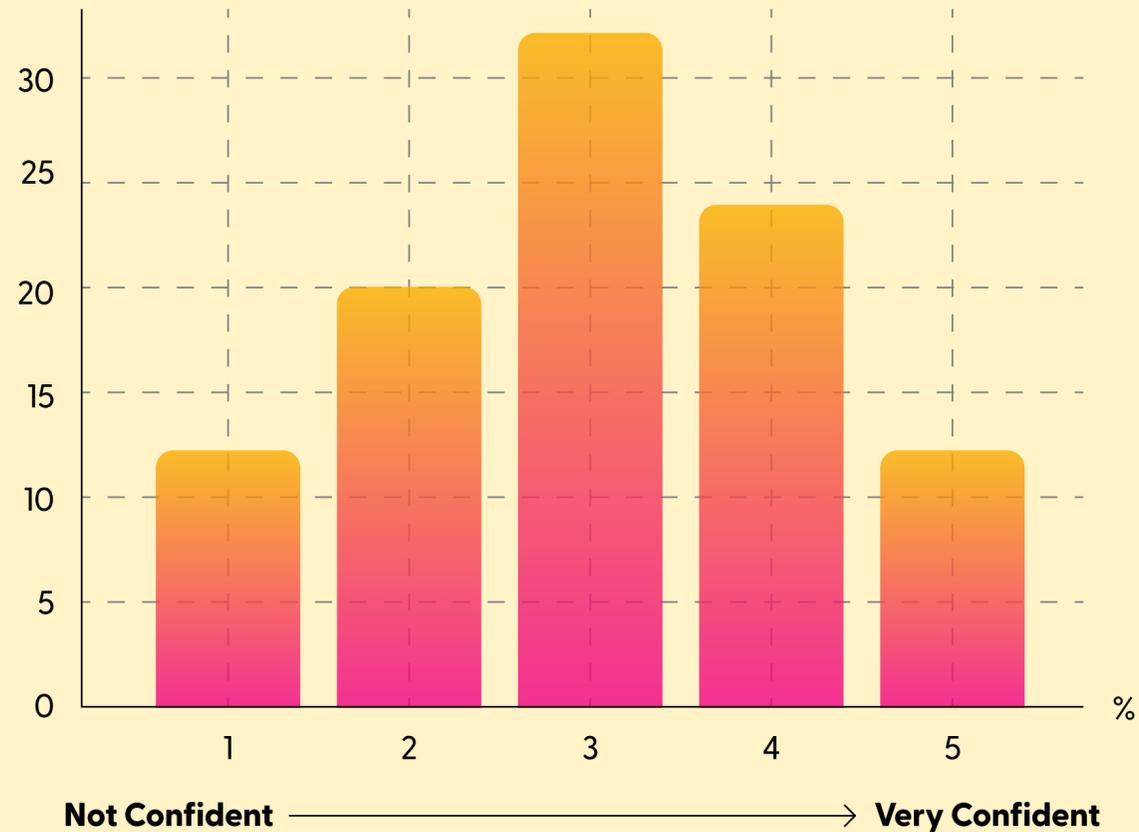
And for the first time, "Proving ROI and Impact" has overtaken "Learner Engagement" as the top challenge.

Biggest L&D Challenge (2026)

Challenge	Approx. %
Proving ROI / measuring impact	~22
Lack of time	~17
Learner Engagement	~12
Closing skills gaps	~7
Budget constraints	~7
Manager support	~7
Content relevance / quality	~5
Compliance & mandatory training	~5
Keeping pace with change	~5
Technology adoption	~2.5
Changing external global landscape	~2.5
Scaling learning	~2.5
Getting leadership buy-in	~2.5
Employee onboarding	~2.5

%

0   5   10   15   20

How confident are you in demonstrating the ROI of L&D to leadership?

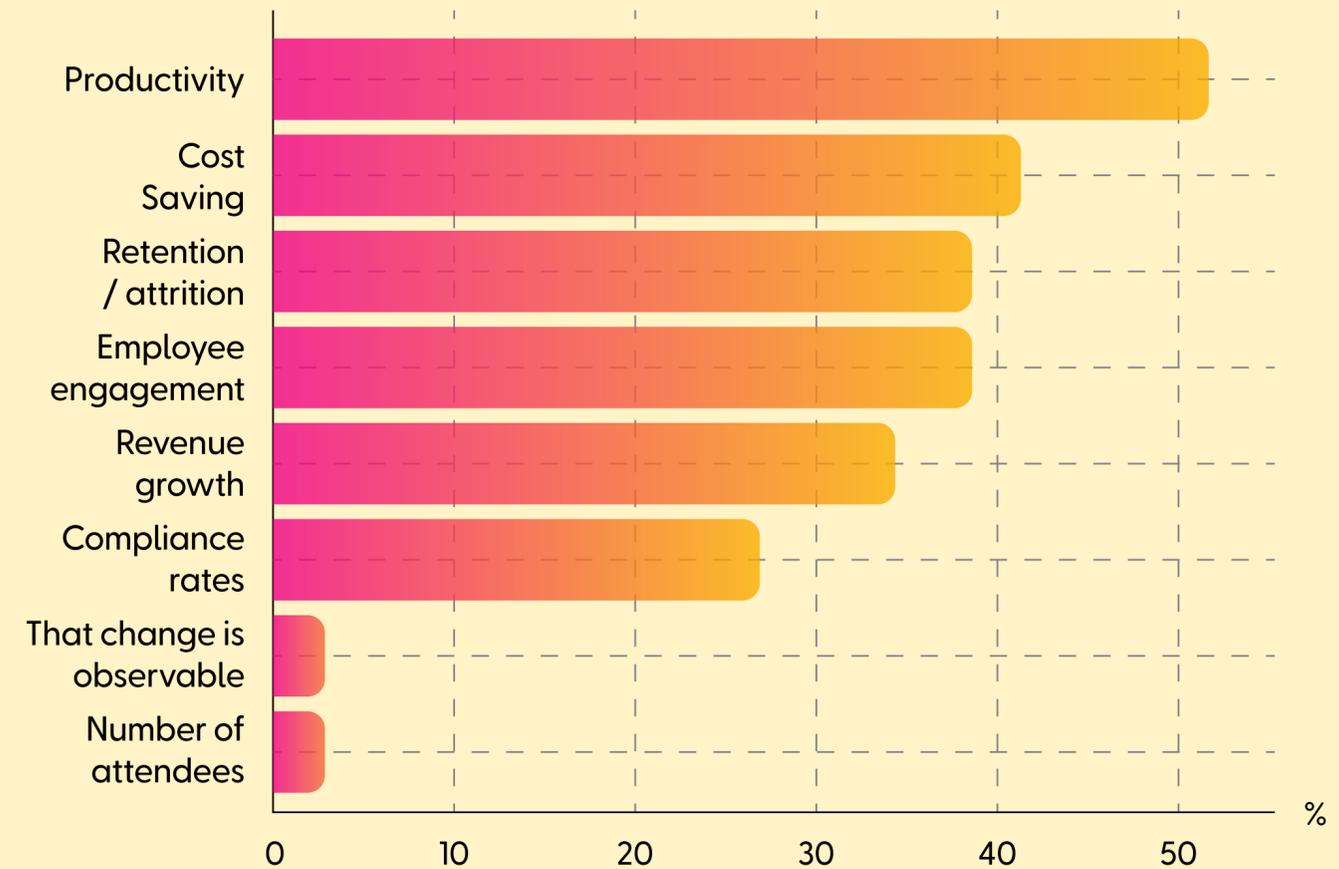Not Confident ——————→ Very Confident

L&D leaders overwhelmingly cluster in the middle, signalling uncertainty about proving ROI.

Leadership's scoreboard hasn't changed: productivity, cost savings, engagement, retention, revenue.

Speak their language or risk being sidelined.

Leadership's Top L&D Success Metrics

- Productivity
- Cost Saving
- Retention / attrition
- Employee engagement
- Revenue growth
- Compliance rates
- That change is observable
- Number of attendees

What this means for SMB L&D teams:

1. **Align on specific ROI metrics with Finance (before any learning begins)**
2. **Use skills, productivity, and retention data to quantify impact**
3. **Create a simple KPI dashboard that shows outcomes month-to-month**

Trend in Action: A 130-person software company mapped training completion against ticket-resolution speed. **Result: a 19% productivity increase in six months** - evidence that the CFO understood instantly.

The 90-Day ROI Playbook

Prove value in one quarter, not one year. If you can measure it in the business, you can connect it to learning.

Identify the metrics that matter
(Productivity, Cost Savings, Engagement, Retention, Revenue)

Map initiatives to outcomes.

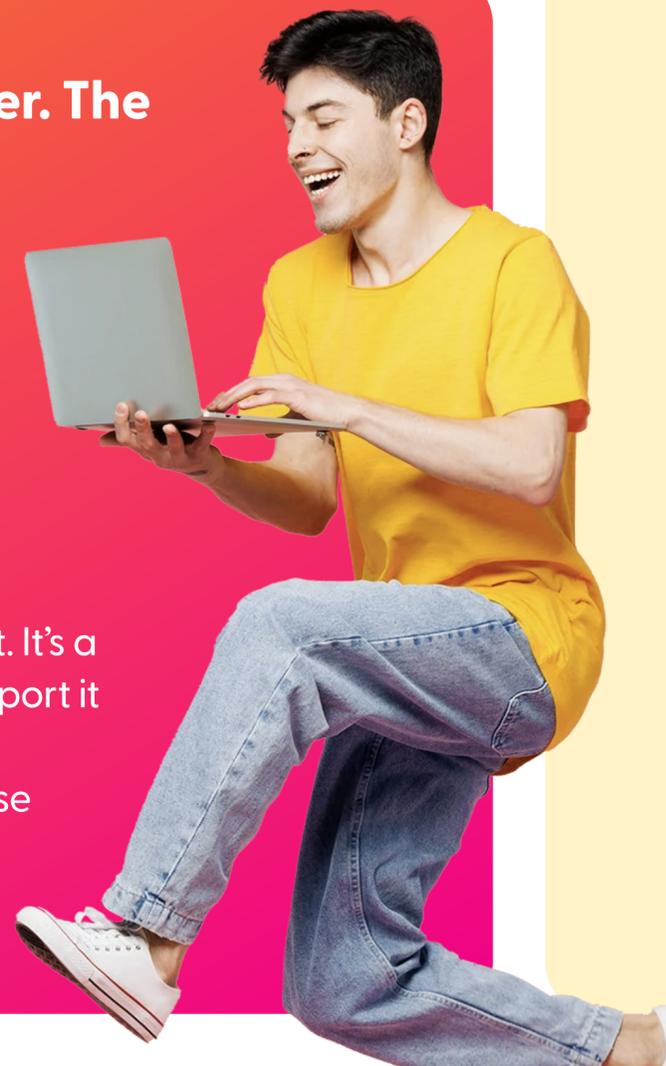### Collect proof fast (dashboards + stories).

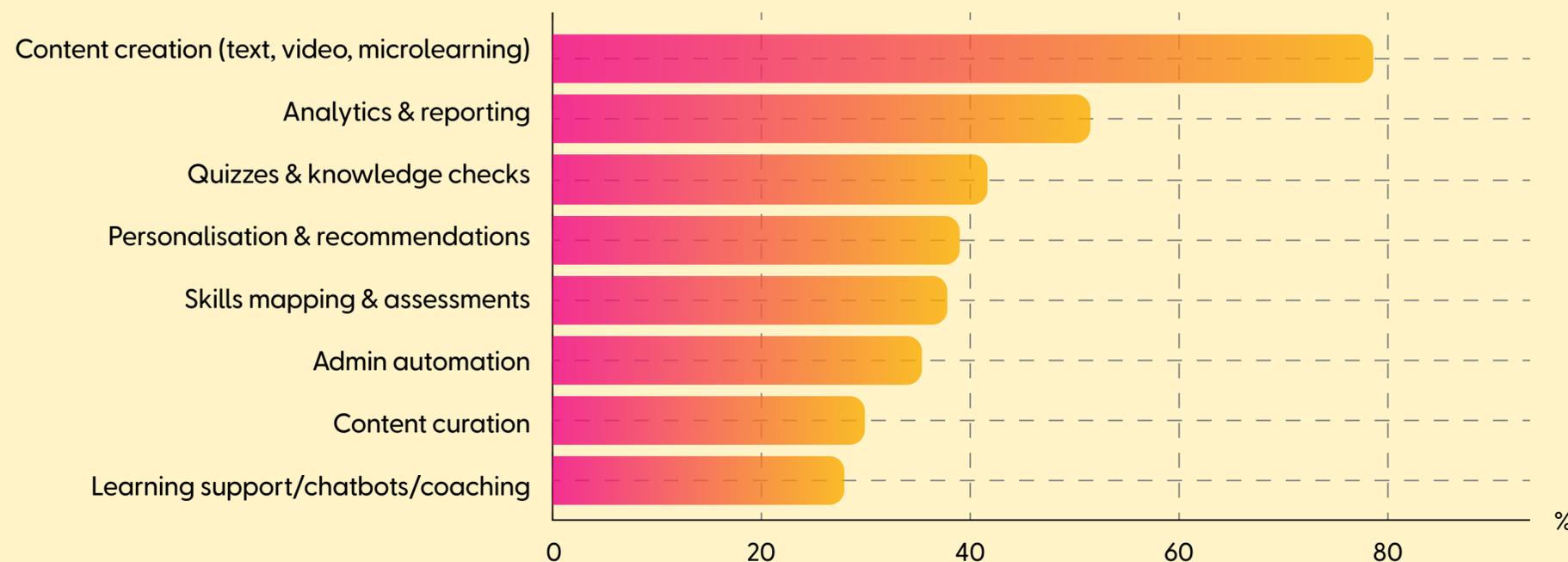### Share results monthly

TREND 2

AI-Assisted L&D

The buzz around AI is over. The build phase has begun.

Eighty-three percent of SMB L&D teams increased their use of AI in 2026 – a 24-point jump from 2025 – and it's changing everything from content creation to analytics.
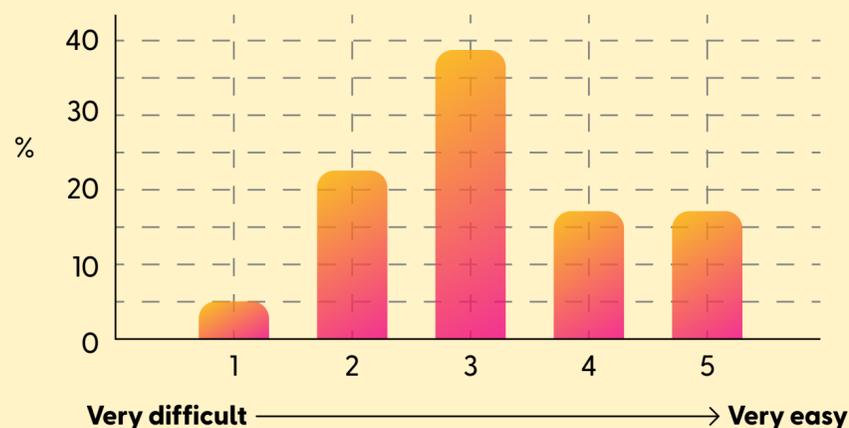
For most teams, AI isn't a moonshot. It's a timesaver. Seventy-one percent report it saves at least four hours a week, automating tasks like writing course summaries, building quizzes, or pulling learner analytics.

Top AI Use Cases in L&D

Use Case	%
Content creation (text, video, microlearning)	~78
Analytics & reporting	~51
Quizzes & knowledge checks	~41
Personalisation & recommendations	~39
Skills mapping & assessments	~37
Admin automation	~35
Content curation	~30
Learning support/chatbots/coaching	~28

How confident are you that AI is helping improve learner outcomes?

Rating	%
1 (Very difficult)	~5
2	~22
3	~38
4	~16
5 (Very easy)	~16

Very difficult ⟶ Very easy

Most SMBs see AI's impact as promising but unproven, with few feeling fully confident in the results.

Trend in Action: A retail SMB rolled out an AI assistant to generate micro-modules from internal SOPs; completion rates rose by 18% because courses landed faster and fresher.

The AI-in-L&D Quick Wins

For SMB L&D teams, AI's biggest impact starts with small shifts – and these are the quick wins already paying off.

| Automate the boring, amplify the brilliant | Repurpose SME content into microlearning | Generate quizzes instantly | Personalise recommendations | Faster reporting |

TREND 3

# Leadership is the New Core Skill

Last year, "Leadership Development" ranked third in SMB L&D priorities.

In 2026, it's #1 - overtaking engagement and compliance for the first time.

Trend in Action: A 200-person logistics company introduced a simple skills matrix across five roles. Within six months, they reduced duplicated training hours by 28% and uncovered three critical skill gaps that hadn't been previously tracked.
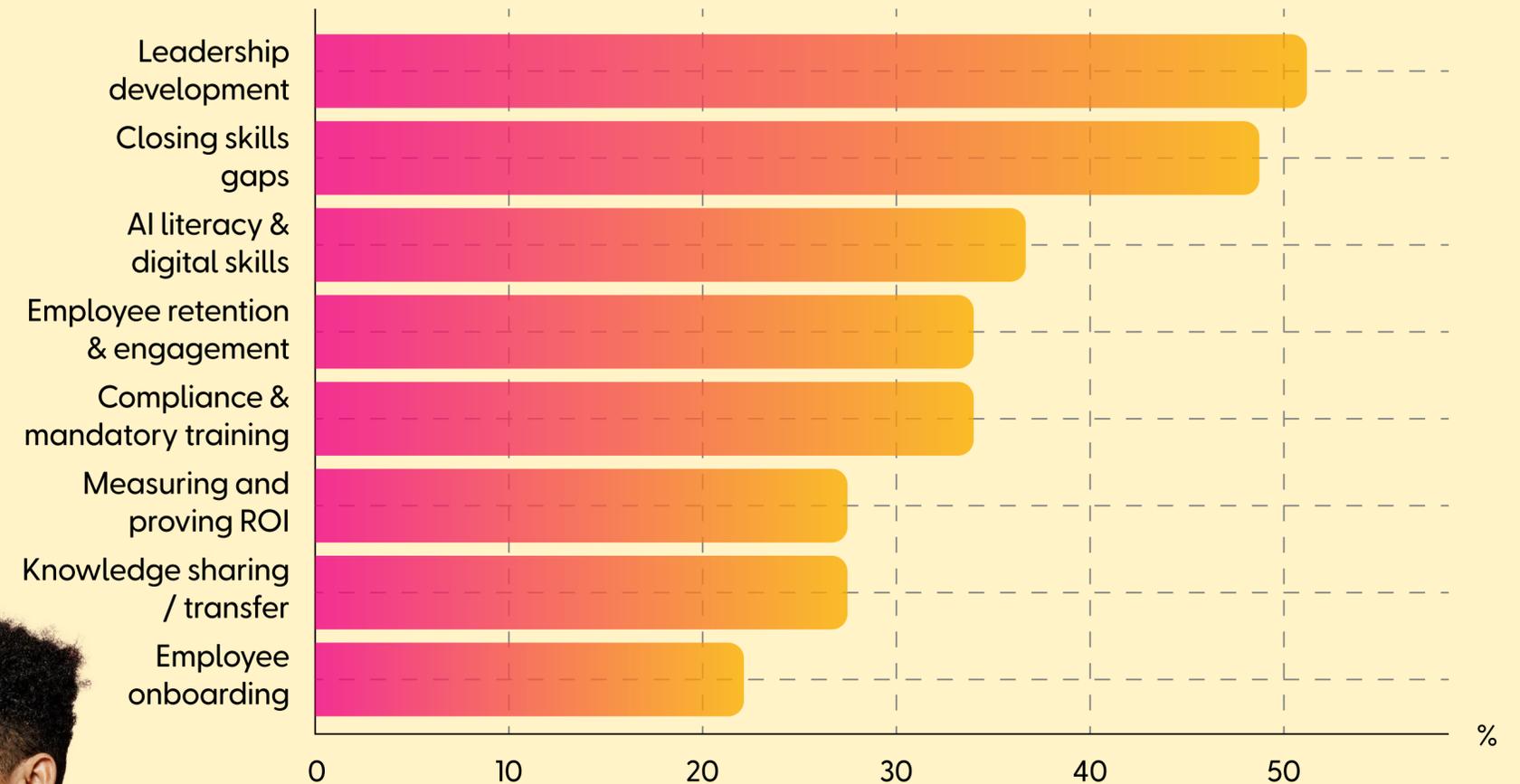
As automation scales, empathy, decision-making, and coaching are the differentiators that keep teams connected. Leadership programmes are shifting to adaptive leadership, hybrid coaching, and responsible AI.

Top L&D Priorities for 2026

Horizontal bar chart titled "Top L&D Priorities for 2026". Categories from top to bottom:
- Leadership development (~51%)
- Closing skills gaps (~49%)
- AI literacy & digital skills (~36%)
- Employee retention & engagement (~34%)
- Compliance & mandatory training (~34%)
- Measuring and proving ROI (~27%)
- Knowledge sharing / transfer (~27%)
- Employee onboarding (~22%)

X-axis labeled % from 0 to 50 in increments of 10.

TREND 4

Frameworks in Flight

Forty-six percent of SMBs are actively building a skills framework, and twenty-four percent already have one live - clear signs of rising maturity. But many organisations still remain in early exploratory phases.

Most SMBs now see skills as the foundation of L&D, **yet few have moved beyond early-stage spreadsheets or static competency lists.**

The surge in 'in development' responses signals real momentum — but it also highlights a major maturity gap in how SMBs identify, measure, and close skill gaps.

And the real challenge?

Turning static taxonomies into dynamic systems that guide real-time learning decisions.

Where is your organisation on its skills framework journey?

Bar chart with y-axis labelled "%" from 0 to 40. Bars: In Development ≈43, No ≈28, Yes ≈24.
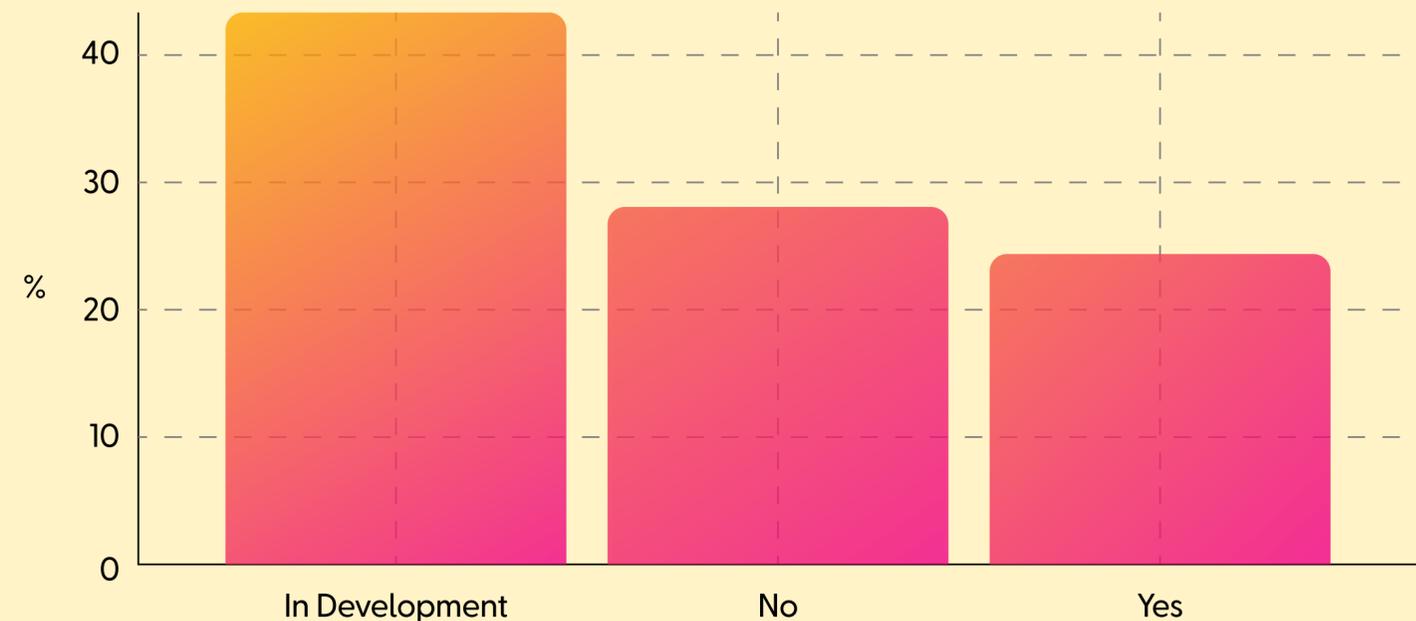
Many 'in development' frameworks lack real structure or governance, showing that most SMBs are still laying the foundations rather than operating at true skills maturity.
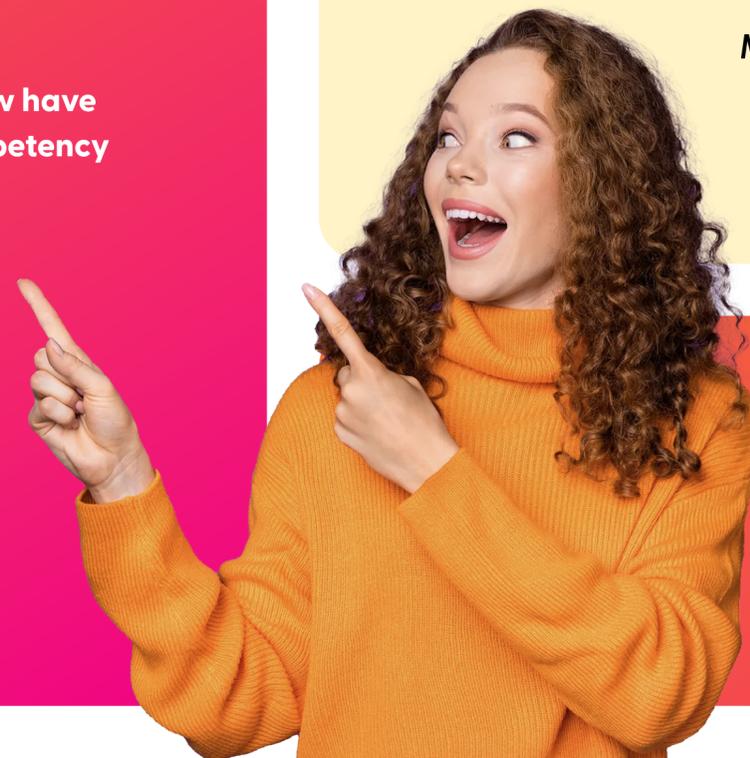
Trend in Action: A 180-person software company moved from a spreadsheet-based competency list to a simple role-based skills matrix. By connecting it to their learning platform, managers could finally see skill gaps in real time. **Within three months, they cut duplicated training by 27% and created personalised upskilling paths for two critical engineering.**

The Skills Framework Starter

The first step many SMBs take before maturing into a full skills system.

#5

|				
Build something simple, then make it smarter	Define core skill categories	Map learning assets	Add self-assessments	Review quarterly
#1	**#2**	**#3**	**#4**	**#5**

TREND 5

Time Poverty

**"Lack of time" is now the #2 blocker to progress - second only to ROI.**

Fifty-eight percent of teams say they're too busy delivering programmes to think strategically.

The urgent work keeps winning, while the important work keeps slipping.

And without dedicated time to align, analyse, and iterate, even the best L&D teams risk becoming reactive rather than transformational.
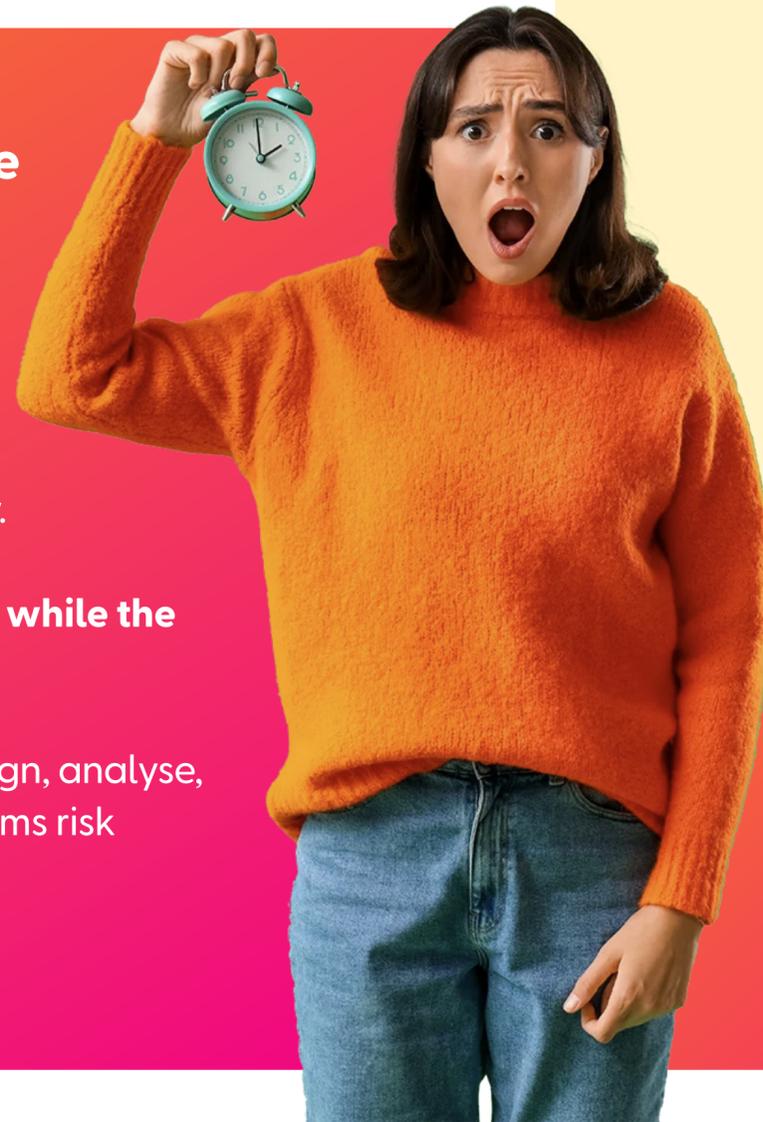
How often do you update or adapt your learning strategy?

- Rarely (22%)
- Yearly (39%)
- Monthly (9.8%)
- Quarterly (29.3%)
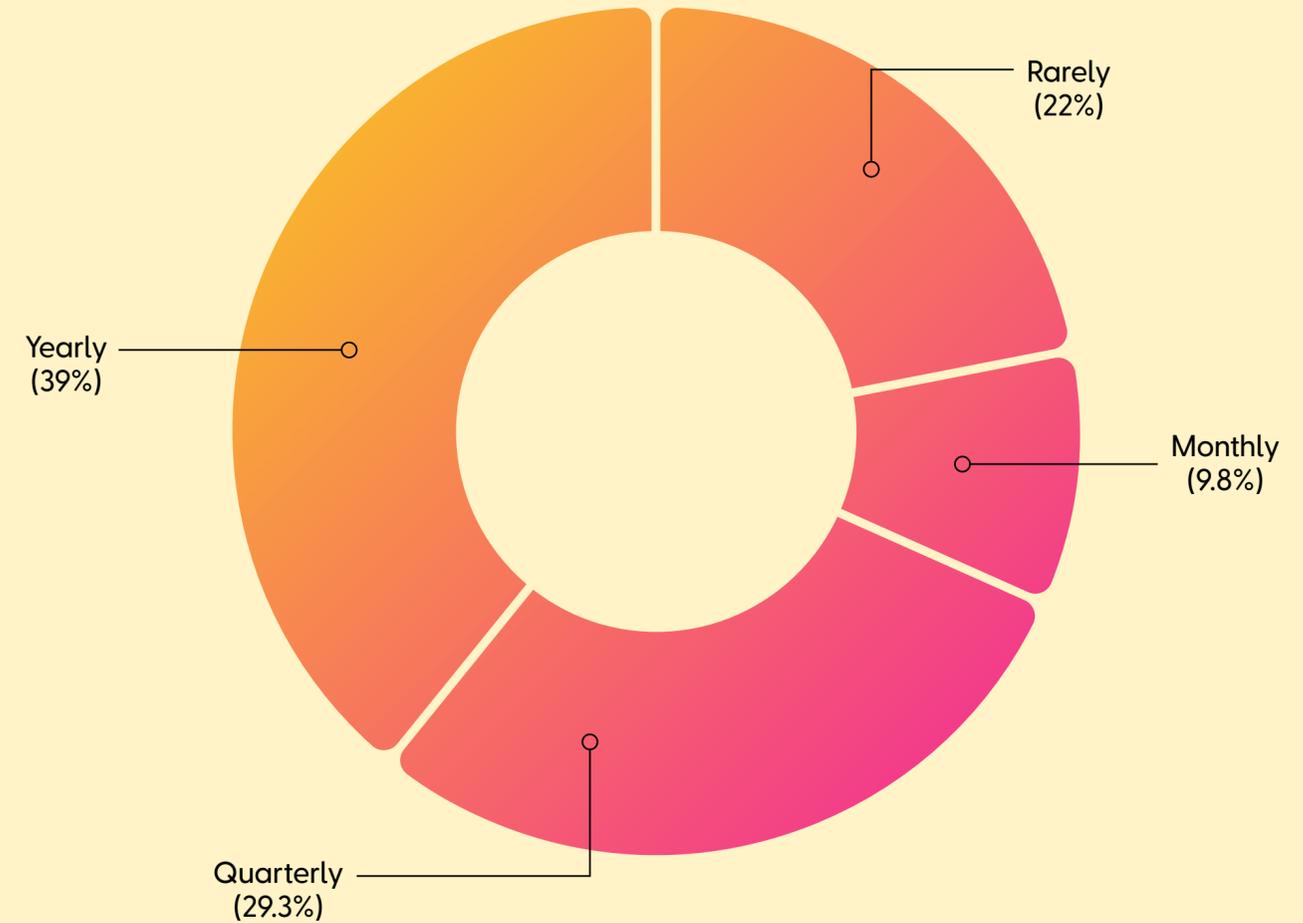
Teams using AI-assisted workflows say they've reclaimed 4–6 hours per week. It's not a fix for burnout, but it's a start.

Trend in Action: A manufacturing SMB automated content creation using AI and recovered 60+ hours per month across their L&D team, according to internal reporting.

Top 3 Things SMB L&D Teams Must Do in 2026

The era of L&D as a support function is over.

The future belongs to learning teams that act as strategic partners — connecting skills, performance, and business growth in measurable ways. SMBs are proving that innovation doesn't require big budgets; it requires focus. The data from this year's report shows a new mindset emerging: learning as a growth engine, not a cost centre.

The most forward-thinking teams we spoke to are doing three things differently:

1
Measure what matters

They're shifting from vanity metrics to business metrics — from counting completions to tracking productivity, retention, and revenue impact.

2
Build adaptable learning ecosystems

Instead of managing isolated tools, they're connecting systems that talk to each other — skills data informing learning paths, AI recommendations fuelling continuous improvement.

3
Use AI to amplify the human side of L&D

They're using technology to make learning more personal, not more generic. The best L&D leaders are using AI to free up time for empathy — coaching, mentoring, and creating cultures of curiosity.

As one L&D leader told us, **"Technology won't replace great learning, but it will expose bad learning faster."** That's the challenge and the opportunity for SMBs in 2026.

The next chapter of SMB learning won't be written by technology alone, but by the teams who know how to make it work for people.

> "**In 2026, L&D leadership means proving impact, improving outcomes, and elevating the human side of learning.**"

Methodology & Acknowledgements

This report is based on a survey sent to 3,754 SMB L&D professionals across multiple industries (October 2026). Data is rounded to whole numbers. Qualitative responses were grouped into themes.

Developed by Thirst's Insights Team with contributions from Fred Thompson, Product & Research, and community partners.
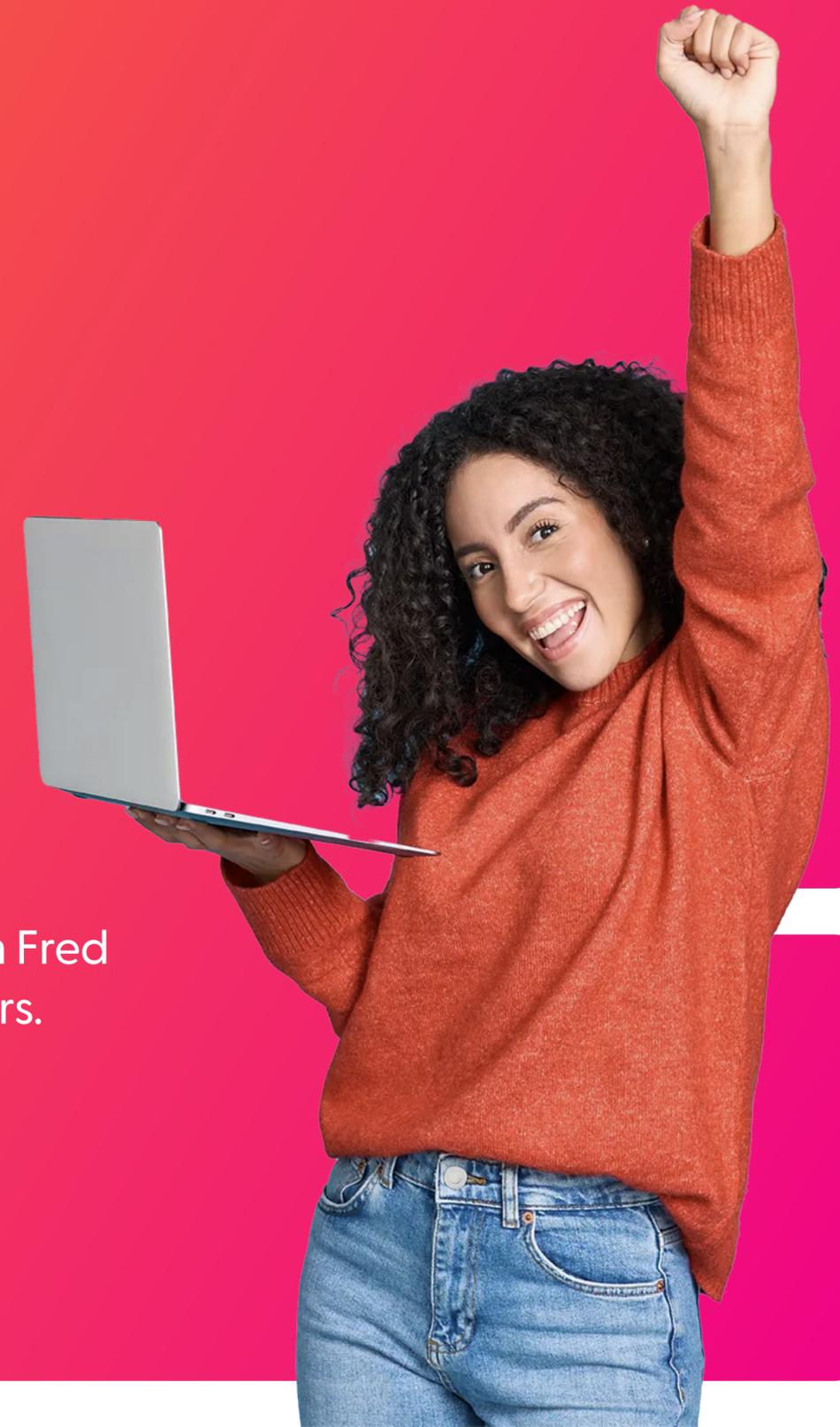
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AI Quizzes

Live Events

Learning Campaigns

User Generated Content

Certificates Badges

Loved by scaling
L&D teams
with big goals

ClarusWMS

cma
chen moore and associates

Ombar

Yellow Card

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📅 Upcoming Events

Monday	Tuesday	Wednesday	Thursday	Friday
11	12	13	14	
Weekly Managers Briefing 9.00 - 10.00		Developers Planning Meeting 11.00 - 12.30	1:1 with Jane 10.00 - 10.30	Wellbeing Session 9.30 - 10.30 Sprint Setup 10.30 - 12.30

🧬 Our DNA

🏆 Champions

🍋 Community

🎎 Culture
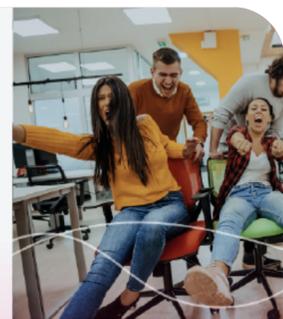
👋 Meet The Crew

Alec Whitten
Marketing Coordinator

Melissa Swan
Business Analyst

Nia Matos
HR Manager

Glen Rose
Accounts Director

🧠 Enhance Your Knowledge in Communication

TRENDING   2 Days Ago

NEW   3 Da

ommunication barriers: How
rcome them this year!

Are communication skills re
"soft" skills?

4.8
★★★★½
Capterra

4.8
★★★★½
G2

CYBER ESSENTIALS CERTIFIED PLUS

UKAS MANAGEMENT SYSTEMS