

20 AI Terms

Every Business Owner Should Know

A plain-English guide to the words shaping the future of business — no tech background required.

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AI is moving fast. The businesses that understand it will have a real advantage over those that don't. This guide gives you the vocabulary to have smarter conversations, ask better questions, and make better decisions — starting today.

01

Artificial Intelligence (AI)

PLAIN ENGLISH

Software that can do tasks that normally require human thinking — like reading, writing, spotting patterns, or making decisions.

Real World Example: A restaurant uses AI to predict which menu items will sell out on a rainy Friday so they can prep the right amount of food.

WHY IT MATTERS

AI is the engine behind almost every new business tool being built right now. Understanding it means you can spot which ones are worth your time.

02

Machine Learning

PLAIN ENGLISH

A type of AI that gets smarter over time by studying examples — like a new employee who learns your business by watching, not by being handed a manual.

Real World Example: An e-commerce store's AI learns that customers who buy running shoes also tend to buy insoles — so it starts recommending them automatically.

WHY IT MATTERS

Machine learning is why AI tools improve the longer you use them. The data you generate today makes the tool better tomorrow.

03

Large Language Model (LLM)

PLAIN ENGLISH

The AI brain behind tools like ChatGPT and Claude. It was trained on enormous amounts of text and learned how to read, write, summarize, and reason in plain English.

Real World Example: You type: 'Write a follow-up email to a customer who didn't show up for their appointment.' The LLM writes a polished, professional email in seconds.

WHY IT MATTERS

LLMs are the most immediately useful AI for small businesses — they handle writing, customer communication, and research faster than any employee.

04

Prompt

PLAIN ENGLISH

The instruction you give an AI. It's like a text message to a very capable assistant — the clearer you are, the better the result.

Real World Example: 'Write a Facebook ad for my plumbing company targeting homeowners in Grapevine, TX. Focus on fast response time. Keep it under 100 words.'

WHY IT MATTERS

Learning to write good prompts is the single highest-return skill in AI right now. A well-written prompt saves hours of back-and-forth.

05

Automation

PLAIN ENGLISH

Setting up a task so it runs on its own without anyone doing it manually — like a row of dominoes you tip once and walk away from.

Real World Example: Every time a new customer fills out your contact form, automation sends them a welcome email, adds them to your spreadsheet, and texts you their number.

WHY IT MATTERS

Automation is how small businesses compete with larger ones. You get the output of a bigger team without the payroll.

06

AI Agent

PLAIN ENGLISH

An AI that doesn't just answer questions — it takes action. It can browse the web, fill out forms, send messages, and complete multi-step tasks on its own.

Real World Example: An AI agent researches your top 10 competitors, summarizes their pricing, and drops the findings into a Google Doc — while you're at lunch.

WHY IT MATTERS

Agents are the next big leap. They turn AI from a tool you talk to into a worker that does things for you.

07

Workflow Automation

PLAIN ENGLISH

Connecting your apps and tools so they work together automatically. When something happens in one app, it triggers actions in others — no one has to touch it.

Real World Example: A new booking on your scheduling app automatically creates a calendar event, sends the client a reminder, and logs the appointment in your CRM.

WHY IT MATTERS

Most small businesses waste hours on repetitive admin work that software can handle. Workflow automation gives those hours back.

08

Chatbot

PLAIN ENGLISH

An AI-powered tool that talks to your customers through text — on your website, Facebook page, or anywhere else. It answers questions, books appointments, and captures leads 24/7.

Real World Example: A hair salon's website chatbot answers 'Do you take walk-ins?' and 'What's your Saturday availability?' while the owner is cutting hair.

WHY IT MATTERS

Customers expect instant responses. A chatbot means you never miss a lead because you were busy, closed, or asleep.

09

Generative AI

PLAIN ENGLISH

AI that creates something new — text, images, video, audio, or code — based on a prompt. It doesn't copy; it generates original content.

Real World Example: A contractor asks AI to generate 5 different versions of a project proposal intro. It produces all 5 in 30 seconds, and the contractor picks the best one.

WHY IT MATTERS

Generative AI cuts content creation time dramatically. What used to take hours now takes minutes — for ads, emails, proposals, and more.

10

Natural Language Processing (NLP)

PLAIN ENGLISH

The ability of a computer to understand and respond to human language — the way people actually talk and write, not computer code.

Real World Example: A customer types 'I need to move my 3pm Thursday to next week' and the AI booking system understands the request and reschedules it automatically.

WHY IT MATTERS

NLP is what makes AI feel natural to talk to. It's the reason you can describe what you want in plain English and actually get it.

11

Training Data

PLAIN ENGLISH

The information an AI was taught on. Like how a doctor learned medicine from textbooks and patients — AI learned from massive amounts of text, images, or data.

Real World Example: A customer service AI trained on your past support emails learns how your business talks, what problems come up most, and how you like to respond.

WHY IT MATTERS

The quality of an AI's training data determines how smart and relevant it is. AI trained on your business data will outperform generic AI every time.

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Hallucination

PLAIN ENGLISH

When AI confidently states something that's completely wrong. It doesn't know it's wrong — it just generates what sounds plausible based on patterns.

Real World Example: You ask AI to list your city's business regulations and it invents a rule that doesn't exist — stated with total confidence.

WHY IT MATTERS

Always verify AI-generated facts, especially for legal, medical, or financial matters. AI is a powerful first draft tool — not the final word.

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API (Application Programming Interface)

PLAIN ENGLISH

The connection point that lets two software apps talk to each other and share information — like an electrical outlet that lets any compatible plug draw power.

Real World Example: Your scheduling app uses an API to connect to Google Calendar, so appointments booked on your site automatically appear in your calendar.

WHY IT MATTERS

APIs are how AI tools plug into your existing systems. You don't need to understand how they work — just know they make integrations possible.

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Integration

PLAIN ENGLISH

Connecting two or more software tools so they share data and work together. When tools are integrated, information flows between them automatically.

Real World Example: Your point-of-sale system is integrated with your email platform — so every customer who makes a purchase automatically gets added to your mailing list.

WHY IT MATTERS

Integrations eliminate manual data entry and the errors that come with it. They're the connective tissue of a well-run business.

15

Prompt Engineering

PLAIN ENGLISH

The skill of writing instructions to AI that get you the exact result you want. It's less about coding and more about being clear, specific, and strategic.

Real World Example: Instead of 'write me an ad,' you say: 'Write a 3-sentence Facebook ad for a family-owned Mexican restaurant in Grapevine targeting parents looking for date night options. Warm, inviting tone.'

WHY IT MATTERS

Better prompts mean better outputs — every time. This is a skill that compounds. The more you practice it, the more value you get from every AI tool you use.

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Personalization

PLAIN ENGLISH

AI's ability to tailor content, recommendations, or experiences to a specific person based on what it knows about them.

Real World Example: An email marketing tool uses AI to send each customer a different subject line based on what they've clicked before — increasing open rates without extra work.

WHY IT MATTERS

Customers respond better when things feel relevant to them. AI-driven personalization used to require a massive marketing team. Now it's a checkbox.

17

CRM (Customer Relationship Management)

PLAIN ENGLISH

Software that tracks your relationships with customers — their contact info, purchase history, conversations, and follow-up status. AI-powered CRMs can now predict who's ready to buy.

Real World Example: Your CRM flags that a customer who bought from you 6 months ago just visited your website three times this week — a sign they're ready to buy again.

WHY IT MATTERS

AI turns your CRM from a contact list into a revenue engine. It tells you who to call, when to call them, and what to say.

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Data Privacy

PLAIN ENGLISH

The rules and practices around how personal information is collected, stored, and used — especially when AI tools are involved.

Real World Example: Before using an AI tool to process customer emails, a business checks whether that tool stores customer data on its servers and who has access to it.

WHY IT MATTERS

Your customers trust you with their information. Understanding data privacy protects that trust — and protects you legally.

19

ROI (Return on Investment)

PLAIN ENGLISH

Whether what you spent on something made you more than it cost. In AI, ROI is measured in time saved, revenue gained, or costs reduced.

Real World Example: A business spends \$50/month on an AI scheduling tool. It saves the owner 5 hours a week of back-and-forth booking — worth far more than \$50.

WHY IT MATTERS

AI tools should pay for themselves. If they don't, you have the wrong tool or the wrong setup. Always measure what you get back.

20

AI Readiness

PLAIN ENGLISH

How prepared your business is to adopt and benefit from AI — based on your current tools, data, processes, and team.

Real World Example: A business with a solid customer list, consistent processes, and basic digital tools is far more AI-ready than one still running on paper and spreadsheets.

WHY IT MATTERS

Knowing where you stand helps you prioritize what to fix first. AI amplifies what's already working — so the stronger your foundation, the faster the results.

Ready to Put AI to Work for Your Business?

AIC helps small and mid-size businesses find, implement, and get real results from AI
— without the jargon, the guesswork, or the wasted budget.

AI Readiness Assessment

Find out exactly where AI can help your business right now.

Tool Selection & Setup

We find the right tools for your budget and get them working.

Ongoing AI Support

A real person you can call as AI keeps changing.

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