

AI Definitions: The Words You Should Know

A plain language reference for the AI terms you will hear most often as a leader.

Knowing the vocabulary is not knowing the field. It is the price of entry into the conversation. Use this sheet to keep up, push back, and ask better questions.

AI

Artificial Intelligence. A computer system that makes judgments based on goals you set, rather than following rules you wrote.

Automation

Software that follows the steps you wrote to do a task the same way every time. Reliable but rigid. Think spam filters, scheduled reports, or Zapier workflows. Automation does what you told it. AI decides how.

Machine Learning

The branch of AI where a system gets better at a task by studying examples, instead of being given step by step instructions.

Generative AI

AI that creates new content from a prompt. Text, images, video, audio, code. Everything from ChatGPT drafting an email to Midjourney producing an image.

GPT

Generative Pretrained Transformer. The technology behind ChatGPT and similar tools. A specific kind of AI that generates text.

LLM

Large Language Model. The category of AI that powers ChatGPT, Claude, Gemini, and Copilot. Trained on enormous bodies of text.

Prompt

What you type into an AI. The clarity of your prompt determines the quality of the answer.

Hallucination

When AI confidently produces an answer that sounds right but is wrong or invented. The reason every important output still needs a human check.

Agent

An AI that does not just answer questions. It takes actions on your behalf. Books the meeting, files the ticket, sends the message, runs the report.

Shadow AI

When your team uses AI tools for work without your knowledge or approval. Usually well intentioned. Often a data risk.

AGI

Artificial General Intelligence. The point at which AI can do most things a human knowledge worker can do, across any subject. Not here yet. Being raced toward.

Governance

The rules your organization sets for how AI gets used. Who can use which tools, what data can go in, what cannot, and who is accountable for the output.

ONE LAST THING

*Words change fast in this field. If a vendor uses one you do not recognize, **ask**. The cost of asking is one second. The cost of nodding is much higher.*