

The Language

The words of AI — without the hype, without the jargon, and without the shame

A quiet truth first: most business owners feel simultaneously behind on AI and suspicious of it. Behind, because everyone claims to be doing something clever with it. Suspicious, because the claims are enormous, the vocabulary is deliberately impressive, and every vendor now has an AI slide.

Here is the reassuring reality behind the noise. In 2026, roughly two thirds of small businesses use AI in some form — but survey after survey finds only around a quarter using it in a way that has genuinely changed how work gets done. Most are dabbling. And the most-cited barrier among UK owners is not cost; it is knowledge and confidence. Which means the gap between you and the businesses pulling ahead is smaller than it feels, and it is made of understanding rather than money.

This is the first of three short guides. Part One gives you the words — enough to follow any conversation, read any pitch, and stop nodding at things you'd rather understand. Part Two shows you how to read what you're being sold and where AI genuinely pays in a business your size. Part Three turns fluency into method: how to adopt it deliberately, safely, and in a way that compounds.

One rule before we start: “show me that working on our stuff, not the demo” is always a respectable sentence. It is also, as you will see, the single most useful question in this entire territory.

The engine — what these things actually are

Model, prompt, and context

In plain English: A model is the trained system that produces responses — ChatGPT, Claude and Gemini are the best-known general ones. A prompt is what you ask it. Context is everything it can ‘see’ while answering: your question, the documents you paste in, the earlier conversation.

Why it matters: Almost every disappointing AI experience is a context problem, not an intelligence problem. Asking “write me a proposal” gets generic mush; pasting in your last three winning proposals, the client’s brief, and your pricing gets something usable. The skill is not clever wording, it is feeding it what a new employee would have needed.

Context engineering — the phrase that overtook ‘prompting’

In plain English: The practice of managing everything the model can see when it answers, the documents you give it, what it knows about the task, what it can look up, rather than just the wording of the question. ‘Prompt engineering’, the art of phrasing, is now treated as one part of it.

Why it matters: Useful for two reasons. If someone offers to teach you prompt engineering in 2026, the field has moved past that framing. And more practically, it confirms where the effort actually pays: not in clever phrasing, but in giving the model the right material to work from. Which is exactly the difference between ‘write me a proposal’ and pasting in your last three winning proposals first.

Generative AI — and how it differs from software

In plain English: Generative AI produces new output (text, images, code, summaries) rather than following fixed rules. Traditional software does exactly the same thing every time; generative AI is probabilistic — ask twice, get two slightly different answers.

Why it matters: This one distinction explains most of what follows: why it needs checking, why it can’t be trusted with arithmetic the way a spreadsheet can, and why ‘test it properly before you rely on it’ means something different here than it does for normal software.

Hallucination — the polite word for confidently wrong

In plain English: When a model produces something plausible and false: an invented statistic, a misremembered fact, a citation that doesn’t exist. It happens because these systems predict likely text, not verified truth.

Why it matters: Not a bug being fixed next year, and not a reason to avoid AI — a permanent property to design around. The working rule: trust it for drafting, structuring, summarising and thinking-with. Verify anything factual, numerical, legal, or customer-facing before it leaves the building. Treat it as a fast, tireless, slightly overconfident junior colleague.

Sycophancy — why it agrees with you

In plain English: The well-documented tendency of these models to go along with whoever is talking to them: to accept your framing, soften disagreement, and confirm what you appear to want confirmed.

Why it matters: This is the one that matters most for a business owner using AI as a thinking partner, because it is the exact failure you would not notice. Ask “is this a good idea?” and you will usually be told yes. Ask instead for the strongest case against, for what a sceptical adviser would say, or for three reasons this fails, and you get something worth having. An assistant that never pushes back is not a second opinion, it is an echo, and an echo is what you already had.

Training data and the knowledge cutoff

In plain English: Models learn from vast amounts of text up to a cutoff date, after which they know nothing unless given access to search or your documents. Most now can search the web — which fixes recency but not accuracy.

Why it matters: Practical consequence: ask about anything recent (a rule change, a price, a person's current role) and either give it a source or expect it to be out of date. And separately, worth knowing your own business's information isn't in there — it only knows what you tell it, every time.

Tokens, context windows, and why length costs

In plain English: Models process text in tokens (roughly three-quarters of a word). The context window is how much they can hold at once. Pricing, where it isn't a flat subscription, is per token.

Why it matters: You need this only to understand two things: why very long documents sometimes need splitting, and why 'usage-based' AI pricing can drift upward invisibly as your team uses it more. On flat-rate consumer subscriptions, ignore it entirely.

02

The autonomy ladder — assistant, copilot, agent

The single most useful mental model in this territory. Each rung does more for you and requires more from you in checking and control. Vendors blur them deliberately; you shouldn't.

Assistant — it drafts, you decide

In plain English: A general tool you go to and ask (ChatGPT, Claude, Gemini). It produces; you review; nothing happens in your business until you act on it.

Why it matters: This is where the overwhelming majority of real, safe value sits for a business your size — and, tellingly, content and drafting remains the most-adopted use case across small businesses by a wide margin. Errors here are cheap: you notice and edit. Start here, always.

Copilot — it helps inside the tool you're already in

In plain English: AI built into software you already pay for: your email, your accounting package, your CRM, your documents. Suggests, drafts, summarises in place — usually sold as an extra per-user monthly fee.

Why it matters: The convenient middle rung, and the one that quietly grows your software bill. Two disciplines: check whether AI features you're being upsold are already included in a tier you have, and audit usage after three months — unused AI seats are the shelfware of this decade.

Agent — it acts

In plain English: AI given a goal, tools, and permission to take multi-step actions on its own: replying to enquiries, updating records, booking, chasing, monitoring. This is the defining shift of 2026 — the move from AI that answers to AI that does.

Why it matters: The bar rises sharply with autonomy. A wrong draft costs you an edit; a wrong action has already reached a customer, a supplier, or your accounts. The rule for a business your size: agents earn autonomy one task at a time, starting where mistakes are cheap and reversible, always with a human checkpoint before anything touches money, contracts, or clients.

In practice: *"What exactly can it do without asking a human — and who decided that list?"*

Automation vs augmentation

In plain English: Automation: the work happens without a person. Augmentation: a person does the work faster and better. The same tool can be either depending on how you deploy it.

Why it matters: The distinction that decides your risk. Augmentation is where the reliable wins live: same judgement, less time. Automation is where the horror stories live, and it is almost always attempted too early, on work whose exceptions nobody has mapped. When a proposal blurs the two, slow down.

03

Connecting AI to your own business

‘Chat with your documents’ — RAG, in plain terms

In plain English: Retrieval-augmented generation: connecting a model to your own material — policies, past quotes, product information, service history — so it answers from your business rather than the general internet. The architecture behind almost every ‘AI trained on your data’ pitch.

Why it matters: This is the most under-used, highest-value setup for most owner-managed businesses: the knowledge that lives in your head and your files, made instantly searchable in plain English by anyone on the team. And note what it is not: your documents are being consulted, not memorised into the model — which matters for how you think about security.

Fine-tuning — and why you almost certainly don’t need it

In plain English: Training a model further on your own examples so it adopts a particular style or task. Expensive, technical, and quickly outdated.

Why it matters: Included here purely so you can decline it confidently. Nearly everything a small business wants from ‘a model that knows us’ is achieved with good prompting plus document access, at a fraction of the cost. If a vendor proposes fine-tuning, ask what it achieves that context and retrieval cannot.

Workflow automation and orchestration

In plain English: Tools that connect systems and trigger sequences — Zapier, Make, Power Automate and their increasingly AI-flavoured successors: when this happens, do that, and now, decide what to do next.

Why it matters: The unglamorous backbone of practical AI. Most ‘AI transformation’ in a small business is actually clever plumbing with a model in the middle of it — and the cheapest capability you can build, often by your most process-minded employee rather than a consultant.

MCP — how AI plugs into the tools you already use

In plain English: Model Context Protocol: an open standard, now adopted across the major AI providers, that lets AI tools connect to your existing software and data without a custom-built integration for each one. Think of it as a universal socket rather than bespoke wiring for every connection.

Why it matters: You will not implement this yourself, but the word is worth knowing because it changes what is reasonable to ask for. Connecting AI to your accounting package, your CRM or your file storage used to be a bespoke development project; increasingly it is a supported feature. When a vendor says integration is difficult and expensive, “do you support MCP, or does your provider?” is a fair and current question.

Multimodal — text, voice, image, document

In plain English: Modern models handle more than text: reading photographs and scanned documents, transcribing and summarising calls and meetings, generating images, holding spoken conversations.

Why it matters: The practical unlocks for a small business are mundane and excellent: photographed invoices and delivery notes read automatically, site photos described, meetings transcribed with actions extracted, voice notes turned into written follow-ups. Look here before anything ambitious.

Vibe coding — software by description

In plain English: Building working software by describing what you want in plain language and letting AI write the code. The term was coined in 2025 and is now used widely enough that you will hear it dropped casually in a conversation about tools.

Why it matters: Two practical implications for a business your size. Small internal tools, a calculator, a form, a simple dashboard, that would once have needed a developer and a budget are now genuinely

within reach of a capable person in your team over a weekend. And the caution that goes with it: software built this way still needs someone accountable for whether it is correct and secure, and 'the AI wrote it' is not a maintenance plan. Excellent for internal conveniences, risky for anything customers touch or money passes through.

04

Money, safety, and the words vendors use

What an AI stack actually costs

In plain English: The typical AI-using small business now runs a handful of tools rather than one, and a functional stack commonly sits in the low hundreds per month all in — a general assistant, an embedded copilot or two, and something for automation.

Why it matters: Two disciplines carried straight over from software generally: subscriptions accumulate silently, so audit them yearly against actual use; and the real cost is never the licence, it is the licence plus the hours of setting up, checking, and re-working — which is exactly what the next guide teaches you to weigh.

Data policy — the question to ask before typing anything sensitive

In plain English: Whether what you enter is used to train the provider's models, who can see it, and where it is stored. Consumer free tiers and paid business tiers frequently differ on this; business and enterprise plans generally offer stronger commitments.

Why it matters: You need one clear rule for your team, in one sentence — for example: client data, payroll, and anything contractual never goes into a public tool; here is the approved tool where it can. Written once, said out loud, done. Unsaid, your team is deciding this individually, right now, without you.

Human in the loop, guardrails, and audit trail

In plain English: Human in the loop: a person checks or approves before something takes effect. Guardrails: limits on what the AI may do or say. Audit trail: a record of what it did and why.

Why it matters: These three words are how you tell a serious AI proposal from an unserious one. Any vendor talking about capability without describing checking, limits, and traceability is selling you an incident with a launch date.

AI-washing

In plain English: Existing software relabelled as 'AI-powered' — rules-based automation, statistical reports, or a chatbot that's been there for five years, now with a new badge and sometimes a new price.

Why it matters: Widespread, and largely harmless as long as you're not paying a premium for it. The disarming question, asked pleasantly: "what can it do now that it couldn't do two years ago?" Vendors with a real answer give it immediately.

Agent washing

In plain English: The 2026 version of AI-washing: a chatbot, a scheduled script, or a simple automation relabelled as an 'agent', because agents are what everyone is funding and talking about this year.

Why it matters: Same disarming question as before, one word changed: "what can it do that a script couldn't have done two years ago?" A real agent decides what to do next; a rebadged automation follows steps somebody wrote. The difference matters because you would govern the two completely differently, and paying agent prices for automation is the most common AI overspend of the year.

Shadow AI

In plain English: Your team using AI tools you haven't sanctioned — personal accounts, browser extensions, phone apps — usually with genuinely good intentions.

Why it matters: It is already happening in your business; assume it rather than hope otherwise. Treat it as information rather than misconduct: people route around slow official channels, and what they've chosen tells you where the friction is. The response is a clear rule plus a sanctioned tool, not a ban you can't enforce.

AEO — how customers now find you

In plain English: Answer engine optimisation: being visible and correctly represented when customers ask an AI assistant rather than a search engine. Increasingly a real channel as buyers put questions to AI first.

Why it matters: Ask an assistant what it says about your business, your sector, and your competitors. The answer is now part of your shopfront — and clear, structured, accurate information on your own site is still, unglamorously, the main way to influence it.

05

The five things to know about AI in your own business

- **What your team is already using** — ask openly, without consequence. You will be surprised, and it is the fastest AI audit available.
- **Your drafting hours** — where people produce first versions of anything: quotes, emails, reports, job ads, proposals. This is your opportunity list, in descending order of hours.
- **Your one rule on data** — what must never go into a public tool, stated in a sentence everyone has heard.
- **Your monthly AI spend** — including the copilot fees quietly added to software you already had.
- **Your checking habit** — who verifies AI output before it reaches a customer, and whether that is a rule or a hope.

Three questions worth asking this month:

- "What did you use AI for this week, and what did you have to fix?" (Asked of the team, warmly — it surfaces both value and risk.)
- "What's the most boring, repetitive writing task in this business?"
- "If an assistant were asked about our company today, what would it say?"

Where Part Two takes you

You now have the words — the engine, the autonomy ladder, the connection to your own business, and the vocabulary of cost and safety. Which means the next AI pitch arrives translatable.

Part Two, "Reading the Story," goes deeper: how to read an AI vendor's claims (and the one test that settles them), where AI genuinely pays in a business your size, what it really costs once checking and re-work are counted, and the five patterns of small-business AI trouble — starting with the most common of all, the dabbler's plateau.

One observation to carry forward: the businesses pulling ahead are not the ones with the most AI. Adoption stopped being the differentiator some time ago. Implementation — picking one narrow job, doing it properly, measuring it — is what separates the quarter of businesses seeing real change from the majority who bought subscriptions and changed nothing.

John Obidipe is a business transformation specialist and Gallup-Certified CliftonStrengths coach. He works with founders and leadership teams on the structural side of growth — the part the numbers can only hint at. · coach@catalystgrowthcoach.co.uk · catalystgrowthcoach.co.uk