

AI cheat sheet in plain business terms

The terms that come up in meetings, decoded in one sentence. Keep it at hand.

LLM

A "large language model": trained to predict the next word. It knows nothing, it generates plausible output — so we verify.

Prompt

Your instruction to the AI. A good prompt is a brief: role, context, bounded task, format.

Hallucination

A wrong-but-credible answer (invented date, source). Inevitable: hence verifying important facts.

RAG

We plug the AI into YOUR documents so it answers from them, with sources, without retraining.

Fine-tuning

Retraining a model on your data to change its behavior/style. Heavier than RAG.

Agent

An AI that chains actions, consults tools and reports back to reach a goal.

MCP

The "universal plug" that connects an agent to your tools/data in a standardized, governable way.

Token

The unit of text chunking (often part of a word). Billing and limits are in tokens.

Generative AI

An AI that produces new content (text, image, code) rather than only classifying or predicting.

Context window

How much text the model can "keep in mind" at once. Beyond it, it forgets the start.

Embedding

Turning text into a vector of numbers to measure meaning proximity. Core of RAG.

AI Act

The European regulation classifying AI uses by risk level and imposing obligations.