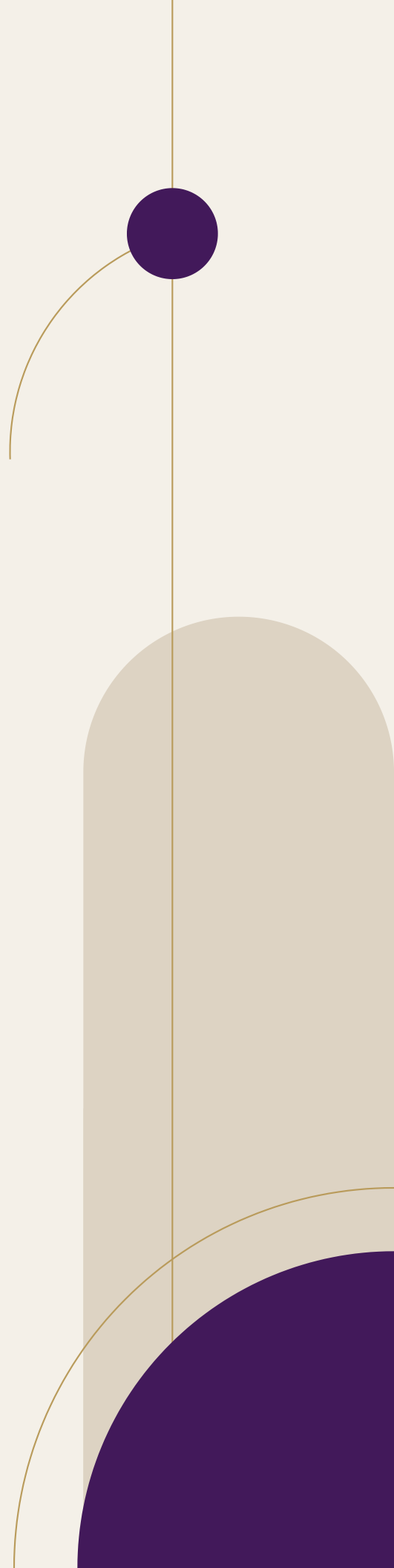


FREE GUIDE · PUT AI TO WORK

AI *Literacy* Guide

How to work with AI reliably, so you can trust what it gives you
and catch what it gets wrong.

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THE DEFINITION

What Does AI Literacy Mean for a Small Business Owner?

AI literacy is the ability to use AI tools effectively and responsibly in your day-to-day work.

It means understanding what AI can and can't do reliably, checking its output before you act on it, and recognizing the errors that show up in your kind of work.

It doesn't require coding or technical knowledge. It requires judgment. AI literacy is a skill you build through use, reflection, and noticing patterns.

Why It Matters Now

AI has moved from novelty to everyday infrastructure. Research, first drafts, summaries, and analysis that once took a team are now available to a one-person business.

The opportunity is efficiency. The risk is confident-sounding error. AI literacy helps you take the first while managing the second.

AI literacy is judgment you build through practice.

VOCABULARY

Key AI Terms to Know

You don't need a technical vocabulary to use AI well. These six terms cover most of what you'll run into.

- **Large language model (LLM):** The type of AI behind tools like ChatGPT, Claude, and Gemini. It generates responses based on patterns in its training data.
- **Prompt:** The question, instruction, or material you give an AI tool. Better inputs usually produce better outputs.
- **Hallucination:** False information presented confidently, often invented names, dates, statistics, or quotes.
- **Training data cutoff:** The date after which a model may not know about events, publications, or changes.
- **Context window:** The amount of text an AI tool can work with in one request or conversation.
- **AI discoverability:** How easily AI tools can find, verify, and cite you or your business.

THE FRAMEWORK

Five Habits for Using AI Reliably

Structured practice works better than random experimenting. The CLEAR Framework builds five habits: Comprehend, Layer, Evaluate, Apply, and Recognize.

HABIT	WHAT IT MEANS
Comprehend	Understand what AI can and can't do, so you know when to use it, when to question it, and when to leave it out.
Layer	Build AI into recurring workflows where it consistently adds value, so useful habits become part of how you operate.
Evaluate	Check what AI gives you before you use it. Accuracy, relevance, tone, completeness, and consistency still need your judgment.
Apply	Decide deliberately where AI adds value in your business and where your own expertise, context, or relationships should lead.
Recognize	Build the judgment to catch AI errors before they cause problems, including inaccurate ways AI may describe your business.

Start with Comprehend. It gives you the foundation for the other four. Then work through the rest in order, or begin with the habit connected to the results you want now.

C • COMPREHEND

What AI Does Well *and Where It Slips*

What AI Can Reliably Help With

- **Summarizing.** Pulling the important points out of meeting notes, articles, reports, and long email threads.
- **First drafts.** Emails, social posts, outlines, and product descriptions. The draft still needs your review.
- **Rewriting for tone or audience.** Simplifying, formalizing, or adjusting something you've written.
- **Background on well-documented topics.** Useful explanations quickly, with important facts still checked.
- **Options and variations.** Several versions of a headline, subject line, or idea to choose from.

Where AI Tends to Make Mistakes

- **Current information.** Recent events, pricing, policies, and tools may be missing or outdated.
- **Numbers and calculations.** Arithmetic and multi-step reasoning can go wrong. Check numbers yourself.
- **Specific people and businesses.** AI can mix up names, invent credentials, or describe a company inaccurately.
- **Your business context.** AI only knows the details you give it. Without them, output stays generic.
- **Questions without a clear answer.** Treat predictions and judgment calls as input for your own thinking.

L • LAYER

Build AI Into *Recurring Work*

A layer is a workflow step. When AI has a reliable role in a recurring task, build that role into the process so you aren't making the same decision from scratch every time.

For example, if you write a weekly client email, AI might produce the first draft, and you edit and check it before sending. Layering is selective. Focus on the places where AI repeatedly saves time or improves the work.

1. **Find recurring writing tasks.** Weekly emails, social posts, proposals, and follow-ups are strong first candidates.
2. **Add AI as a research step.** Test it early in work that needs background or context, before deeper research.
3. **Save prompts that work.** Reusing proven prompts cuts setup time and makes results more consistent.
4. **Track what works.** Note which AI-assisted tasks save meaningful time. After a few weeks, you'll know which layers to keep.

E • EVALUATE

Check Before You Use It

Review AI output before it reaches a client, gets published, or shapes a decision. Match the depth of your review to the stakes.

CHECK	WHAT TO LOOK FOR
Accuracy	Dates, names, statistics, quotes, and product details.
Relevance	Whether the advice fits your business, clients, goals, and constraints.
Tone and voice	Whether it sounds like you, instead of polished and generic.
Completeness	Whether it answered the full question or task.
Consistency	Whether longer pieces contradict themselves between sections.

Routine drafts and brainstorming can get a lighter check. Anything you'll publish, send to a client, or use for an important decision deserves more time. As you notice repeated errors, your review gets faster, because you know where to look first.

A • APPLY

Decide Where *AI Belongs*

Before you add AI to a task, answer four questions.

1. **What specific task am I using this for?** “Subject lines for my weekly client update” is more useful than “content creation.”
2. **Does AI handle this task reliably?** If you’re not sure, test it before building it into a recurring workflow.
3. **What does good output look like?** Define the outcome first, so you can judge whether AI is helping.
4. **What will I do when AI gets it wrong?** Decide whether you’ll edit, regenerate, verify, or do it yourself.

Choosing Tools

Start with a general-purpose tool like ChatGPT, Claude, or Gemini. Add a specialized tool only when a general one keeps falling short on a recurring task. Keep the number of tools small so you learn them well, and test any tool on your own work before you keep it.

Knowing When to Leave AI Out

Some work depends on your judgment, relationships, creative direction, or knowledge of a specific situation. AI can draft a general follow-up email. A follow-up that depends on the details of a particular conversation may be stronger if you write it yourself.

R • RECOGNIZE

Catch Errors *Before They Cost You*

What to Watch For

- **Plausible but wrong details.** A statistic, date, or name that sounds right and fits the text but isn't.
- **Confident overreach.** Polished answers on niche topics, recent events, or very specific situations.
- **Tone drift.** Longer documents that shift tone from one section to the next.
- **Missing nuance.** Client communication, feedback, conflict, and cultural context often need more human judgment.
- **Outdated information.** Tools, regulations, pricing, and market conditions that have changed.

How AI Describes Your Business

Recognize also applies to how AI tools describe you to other people. When someone asks an AI tool who you are, the answer depends on what it can find and connect to you. If that information is inconsistent or outdated, the answer may be vague or wrong. Ask several AI tools who you are and what you specialize in, and compare their answers with how you describe yourself. The gap is your starting point for AI discoverability.

BUILD THE HABIT

Keep a simple log of meaningful AI errors you catch: the type of error, the task, and the tool. When an error gets through, trace it back and add the missed signal to your review checklist.

YOUR TURN

Start With One Task

Choose one recurring writing, research, or summarizing task. Use AI for it five times, and note what works and what needs correcting.

The recurring task I'll start with:

What good output looks like for this task:

What AI got right in five tries:

What I had to correct, and what I'll change in my prompt or review:

Common Questions

- **Do I need to know how AI works technically?** No. Practical AI literacy is about reliability, checking output, and knowing where AI belongs in your work.
- **How long does it take?** With regular, intentional use and reflection, many business owners build meaningful literacy within a few months.
- **Is it different for different businesses?** The core habits stay the same. The reliable tasks, common errors, and stakes differ.
- **How is it different from AI discoverability?** AI literacy is about how you use AI. AI discoverability is about how AI represents your expertise.

ABOUT THE AUTHOR

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Amie Thompson is an entrepreneur and business strategist who helps small business owners and early-stage founders build visibility, sell with confidence, and put AI to work. She's a former CEO with more than 25 years of leadership experience. She's an introvert who learned to sell by doing it.

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THE FRAMEWORK

The CLEAR Framework for AI Literacy

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