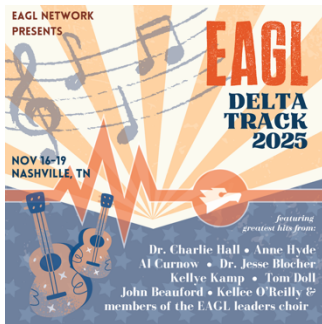




EAGL Delta Track 2025:

Applied AI - Opportunities & Cautions for Business

(Dr. Jesse Blocher, Vanderbilt)

Nov 18

[VIEW RECORDING - 91 mins \(No highlights\)](#)

Meeting Purpose

[To demystify AI for business, focusing on practical applications and strategic adoption.](#)

Key Takeaways

- [AI is already in your company as "shadow AI."](#) Employees use it for personal productivity, but fear of job loss prevents them from sharing, creating a hidden risk of data leaks.
- [Lead the AI adoption process.](#) Proactively communicate a philosophy, provide training, and adjust performance systems to reward AI use, framing it as an opportunity for strategic growth, not cost-cutting.
- [AI is a probabilistic tool, not a deterministic one.](#) It predicts the next word, not the truth. Success requires providing extensive context (e.g., uploading your data) and using human judgment to validate all outputs.
- [Start small with a single use case.](#) Use a paid plan (~\$20/user/mo) to protect data privacy, and focus on decision support (e.g., SKU rationalization) over full automation.

Topics

The Challenge: Shadow AI & Misaligned Incentives

- [Problem:](#) Employees are already using AI for personal productivity, but this doesn't translate to firm-wide ROI.
- [Why:](#) Fear of job loss creates "shadow AI." Employees hide their methods, preventing firms from capturing the full benefit and creating a data privacy risk.
- [Solution:](#) Proactive leadership to bring AI into the open.

- Communicate a clear philosophy to remove ambiguity.
- Provide formal training to ensure equitable access to skills.
- Adjust performance systems to reward AI-driven productivity.
- Analyze end-to-end processes to prevent bottlenecks and ensure firm-wide gains.

The Tool: Generative AI Fundamentals

- LLMs (Large Language Models): The core technology (e.g., GPT-5, Claude, Gemini).
- Generative AI: The broader category including LLMs and other generative tools.
- Agents: Multiple LLMs working together to use tools (e.g., web search).
- GPTs: Custom, task-specific AI tools created by users.
- Core Principle: LLMs are probabilistic text predictors, not truth-tellers. They generate coherent text based on patterns in their training data.
 - Hallucinations are a result of insufficient context, not a failure of logic. The model fills in gaps with its best guess.
 - Example (Air Canada): A chatbot gave a customer incorrect bereavement fare info, leading to a lawsuit. This highlights the risk of using AI for unverified customer-facing tasks.

The Method: Context Engineering

- Key Concept: Your context overrides the LLM's general training data. More context → better, more specific outcomes.
- Context Sources:
 - Prompt Details: Persona, audience, background, tone.
 - Guards: Explicit instructions (e.g., "If you don't know, say so.") to prevent assumptions.
 - Flipped Interaction: Ask the AI to quiz you to uncover unknown requirements.
 - Uploaded Documents: Provide specific data (e.g., sales history, catalogs) for analysis.

Practical Applications: Use Cases

- Marketing Copy: Generate product descriptions from photos (Gemini is best).
- Inventory Q&A: Upload catalogs and inventory spreadsheets to query stock availability instantly.
- "Key Person" AI: Create a bot from expert transcripts to scale knowledge and reduce interruptions.
- Dead Stock Analysis: Predict and manage dead stock by analyzing sales history and inventory data.
- SKU Rationalization: Analyze sales, margins, and purchase patterns to identify underperforming SKUs.

- Process: Upload raw data (not pivot tables). The AI writes Python code to analyze it and flags SKUs.
 - Human Role: Validate the AI's methodology and final recommendations.
- Customer Segmentation: Analyze customer data to create personas and tailor go-to-market strategies.
- Competitive Intelligence: Use "deep research" functions to analyze competitor websites and social media.
- Strategic Planning (e.g., Grow Plan): Combine all available data (sales, trends, climate) to inform next season's grow plan.
 - Human Role: Use the AI's output as a decision support tool, not a final answer.

The Path Forward: Strategic Adoption

- Start Small: Pick one use case and roll it out to a small team.
- Lead by Example: Use AI yourself to understand its capabilities and limitations.
- Frame as Opportunity: Emphasize AI as a tool for strategic growth and better customer service, not for headcount reduction.
- Identify Champions: Find employees already using AI and empower them to share their methods.
- Set Up Approved Tools: Provide paid subscriptions to protect data privacy and guide employees to secure platforms.

Next Steps

- Kellee O'Reilly: Coordinate a group "office hours" session with Dr. Blocher in December for follow-up questions.
- Participants:
 - Discuss AI philosophy and adoption strategy with leadership.
 - Identify a single use case for a small-scale pilot.
 - Begin personal experimentation with a paid AI tool to understand its capabilities.