

Algorithms

 An **Algorithm** is a **step-by-step process** AI follows to solve problems and make decisions.

 **Think of it like a recipe**—clear steps lead to good results, while bad instructions lead to bad outcomes.

Why Algorithms Matter in Business AI

 **Scenario:** Patrick's company uses AI to analyze customer feedback.

 **Without the right Algorithm:** AI misinterprets data, leading to incorrect insights.

 **With a good Algorithm:** AI finds patterns, helping the business improve customer experience.

 **Lesson:** AI is only as good as the Algorithm it follows.

How AI Algorithms Work

 **3-Step AI Algorithm Process:**

① **INPUT** – AI collects **data** from various sources.

② **PROCESS** – AI applies **rules and logic** to analyze the data.

③ **OUTPUT** – AI makes a **prediction, classification, or decision**.

 **Well-designed Algorithms = Better AI performance.**

Real-World Example: AI in Credit Scoring

 **Scenario:** A bank uses AI to approve or deny loan applications.

 **Without a good Algorithm:** AI **rejects fair applicants** or **approves risky loans**.

 **With a well-structured Algorithm:** AI makes **fair, accurate lending decisions**.

 **Smart Algorithms improve fairness, accuracy, and business outcomes.**

 For more AI insights, visit <https://www.AITransformationPartner.com>.