

BUSINESS DECISIONS: WHEN HOLDING ON HURTS MORE THAN LETTING GO

the psychology behind knowing when to quit

Why do smart, capable people keep pouring time and money into projects that are clearly failing? This lesson explores the sunk cost fallacy — and what it takes to recognise it, and let go, before it costs you even more.

B2
BUSINESS
English
Reading



READ

authentic business article



VOCABULARY

12 key B2 business phrases



PRACTISE

comprehension & gap-fill



ROLE-PLAY

decide together as a team



ABOUT THIS LESSON

This lesson looks at the 'sunk cost fallacy' — why we keep investing time, money and energy into projects, careers or ideas that aren't working, simply because we have already invested so much. You will read an article explaining why this happens and how to break free from it.



BY THE END OF THIS LESSON, YOU WILL BE ABLE TO:

- ✓ Use 12 new business phrases and collocations confidently
- ✓ Discuss why businesses and people struggle to let go of failing projects
- ✓ Debate a real business decision from different points of view

A) WARM UP — DISCUSS BEFORE YOU READ

Have you ever worked on a project that wasn't going well? How did you decide whether to continue or stop?

Can you think of a time when you stayed in a job, role, or project longer than you should have? What kept you there?

On the other hand, have you ever quit something too early and later regretted it?

Business Decisions: When Holding On Hurts More Than Letting Go

Imagine this: You have invested months of hard work, long nights, and a lot of your budget into a project, but the results are below expectations. Maybe you have spent 10 years in a career that doesn't interest you any more; or maybe you have completed two years of a three-year university course, and you have realized that it's not what you want to do. Should you **press on** and finish what you started or **cut your losses** and stop?

After so much time and resources have already been invested, the idea of walking away could seem crazy. There is a strong feeling that you should **see it through** because you have come this far, even when the negatives **outweigh** the positives. Continuing to invest time, money, or effort into something only because you have already invested a lot is known as the "sunk cost fallacy". The **sunk costs** are time and money that you have already invested.

The decision to **press on** even when it doesn't make sense comes from many factors:

1. **Persistence**, continuing something through difficult times, is often seen as a strength in business and leadership. In reality, persistence could be **stubbornness**, failing to accept that something is not working, when really you should quit!
2. When a project was your idea, it becomes your dream, your vision, a risk that you have always supported. Quitting feels like not just losing money, but losing part of your identity!
3. Losing anything is very painful. So we **press on**, not because it is the smart move, but because walking away feels like admitting defeat.
4. Keeping things the same feels so much safer than making a change. All change is uncomfortable, so we often **put it off** as long as we can, hoping that the future version of us will be braver, or at least have a better plan!

The damage from the sunk cost fallacy can be very harmful. Continuing to invest resources into bad projects can risk a company's health, leading to poor cash flow, angry investors, and in the **worst-case scenario**, a business that goes bankrupt. Investing time into a bad project can also mean missing other, better opportunities elsewhere.

BUSINESS TERMS IN THE ARTICLE

Sunk cost fallacy

Continuing to invest in something only because of what you have already put into it, rather than its future prospects.

Sunk costs

Time and money that has already been invested and cannot be recovered, whatever you decide to do next.

Exit plan

A decision, made in advance, about when and how you will stop a project if it isn't working.

KEY PHRASES

to press on

to cut your losses

to see it through

to outweigh

stubborn

to put something off

WHY WE PRESS ON

1

Persistence can shade into stubbornness

2

Quitting can feel like losing part of your identity

3

Walking away can feel like admitting defeat

4

Change feels less safe than staying the same

On the other hand, people who make changes early often find new paths to growth. Many successful startups began with one idea which changed into something different after they accepted the original plan wasn't working.

Here are some signs which show that you are at risk of the sunk cost fallacy!

- You **justify** further investment based on past efforts rather than future prospects.
- "I'm afraid I can't go along with you there..." You disagree or ignore negative feedback because you have become too **stubborn**.
- You are so emotionally attached that you cannot assess the project **from an outside perspective**.

So how can we break free from this? Well, we need to analyse our own brains:

- **Set regular milestones** or 'reality checks' to check whether a project is going well.
- Ask yourself: "If I hadn't invested anything yet, would I start this project today?"
- Get outside opinions. Bring in advisors who are not emotionally involved. They can give an honest opinion and help you see things that you might have missed.
- Accept and enjoy the change. Changing direction isn't failure—it's strategy. Many success stories started with a "failed" idea that led to a better one.
- Have an exit plan before you start. Deciding beforehand when it's time to **cut your losses** will make that difficult decision much easier.

Letting go doesn't mean giving up. It means making space for better ideas and smarter use of your resources. In entrepreneurship, leadership, or your career path, the ability to adapt and move on can be your most valuable asset.

"Letting go doesn't mean giving up. It means making space for better ideas and smarter use of your resources."

— from the article

MORE KEY PHRASES

the worst-case scenario

to justify

to set a milestone

on the other hand

from a...perspective

persistence

KEY WORDS & PHRASES

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persistence

1 BASED ON THE CONTEXT OF THE ARTICLE

Can you match the words in the box to the definitions listed below? Then add the word into the example sentence. You may need to change the form of the word to fit the meaning of the sentence.

- To give a good reason or explanation for a decision or action: _____
"As far as I'm concerned, we cannot _____ investing any more money into this campaign. It simply isn't working."
- A noun which expresses the quality of continuing to work towards something despite challenges: _____
"Her _____ in negotiations helped us close the deal."
- A phrase used to show contrast or an alternative point of view: _____
"On the one hand, we could expand into Europe. _____, focusing on Asia might be a better option."
- To complete a task or project until the end, even if it is difficult: _____
"This project has been difficult, but we must _____."
- To delay doing something until later: _____
"We can't _____ the system upgrade any longer; it is too important."
- The most negative thing that can happen: _____
"I don't think that the decision is too risky. In the _____, we will lose some revenue in the short-term, but over time, the benefits will certainly outweigh the risks."
- Not wanting to change opinions or decisions, often in a negative way: _____
"They are being so _____ about the terms of the contract. They will not change anything."
- To stop investing time or money in something that isn't working: _____
"It's time to _____ on this project and invest our resources in something which is more likely to succeed."
- A phrase to explain how something looks from a specific point of view: _____
"_____ financial _____, the deal makes sense."
- To establish a key goal or checkpoint to measure progress: _____
"We should _____ for completing the first phase of the rollout."
- To keep going despite challenges: _____
"We should _____ with the launch, even with the current delays."
- To be more important, valuable, or significant than something else: _____
"The benefits of entering this market _____ the risks."

2 CAN YOU ANSWER THE QUESTIONS BELOW ABOUT THE TEXT?

1. According to the text, what is the sunk-cost fallacy, and why is it dangerous for businesses and careers?

2. What are some of the 4 possible negative consequences for businesses that continue to invest in failing projects?

3. What do we learn in the text about young companies?

4. What phrase is used in the text to suggest that someone disagrees with you?

5. What strategies are suggested to help people break free from the sunk cost fallacy? Mention at least two?

3 FILL IN THE GAPS

Below you can find a paragraph. Can you fill in the gaps in the paragraph with the words and phrases from the box below? You may need to change the form of some of the verbs in order for them to fit into the sentence. One of the words is used twice.

press on

cut our losses

see

outweigh

on the other hand

stubborn

justify

perspective

A Difficult Decision**ALEX (FOUNDER):**

Maya, look, we've been developing this app for 6 months. We've invested nearly half a million dollars into it, and the whole team have spent many late nights developing it. I know the user feedback hasn't been great — they say it's confusing, maybe not even solving a real problem — but I really believe that we should _____ with it. If we follow the suggestions from some users, I think that will _____ investing another half million into it. If we walk away now, all that time, money, and energy will feel wasted. Besides, the investors are watching. If I announce we are going to _____ and give up, they will lose confidence in us. To me, it feels like we need to _____ this through and finish what we started.

MAYA (HEAD OF PRODUCT DEVELOPMENT):

Alex, I'm afraid I can't agree with you on this one. From a financial _____, the negatives clearly _____ the positives. We simply don't have the funds to keep going at the moment. If we keep being _____, we risk the entire company's existence. The product no longer aligns with market demand. If we continue, we'll not only waste money, but also time and opportunities. _____, if we change direction now, we might find a better path forward.

THE SCENARIO

A company has spent 6 months and nearly half a million dollars developing a new app. User feedback has been mixed, and the leadership team must now decide together whether to press on and finish what they started, or cut their losses and change direction.

\$500k

already invested in developing the app

6 mths

of late nights already spent building the product

3 mths

of funding left before the budget runs out

40%

of new users drop off within the first week

In groups of three or four, take on one of the roles below. Using these figures — and today's key phrases — discuss the benefits and risks of pressing on from your character's point of view, then work together to reach a group decision.

THE FOUNDER

- Believes that persistence is exactly what got the company this far, and that giving up now would waste everything already invested.
- Worries that cutting their losses will make investors lose confidence in the whole team.
- Feels this project is personal — it was their idea, and quitting feels like losing part of their identity.

THE HEAD OF PRODUCT

- Argues that, from a financial perspective, the negatives clearly outweigh the positives right now.
- Points out that the product no longer aligns with what users actually need.
- Warns that continuing to invest without a real change in direction risks the entire company's existence.

THE OUTSIDE ADVISOR

- Is not emotionally attached to the project and can assess it from an outside perspective.
- Suggests asking: "If we hadn't invested anything yet, would we start this project today?"
- Reminds the team that changing direction isn't failure — it's strategy, and many success stories started with a 'failed' idea.

THE OPERATIONS MANAGER

- Wants the team to set regular milestones or 'reality checks' before committing to any further spending.
- Believes an exit plan should have been agreed before the project even started.
- Is prepared to be persuaded either way, as long as the decision is based on evidence, not stubbornness.

USEFUL PHRASES

GIVING YOUR OPINION

"From my perspective, we should press on and see this through."

"As far as I'm concerned, the risks clearly outweigh the benefits."

AGREEING

"I agree — we need to set a milestone before we invest any more."

"Yes, I think that would help us justify our next move."

DISAGREEING

"I'm afraid I can't go along with you there."

"I don't think we can afford to put this decision off any longer."

PERSUADING

"We need to be prepared for the worst-case scenario here."

"If we keep being stubborn, we risk losing everything."

REACHING A DECISION

"On the other hand, cutting our losses now might be the smarter move."

"On balance, I'd say it's time to..."

Group task: Once everyone has made their case, decide together — does the company press on, or cut its losses? Be ready to present your decision and reasoning to the rest of the class.