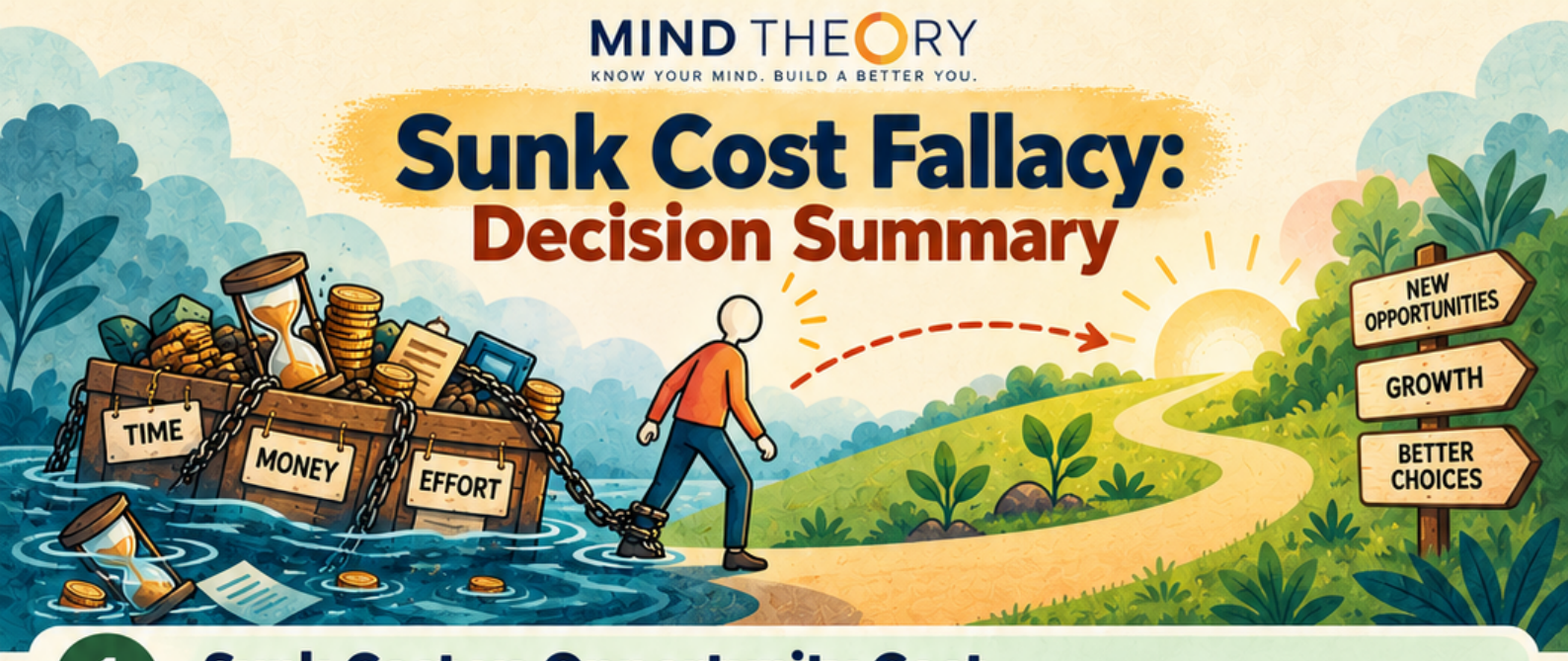
MIND THEORY
KNOW YOUR MIND. BUILD A BETTER YOU.

Sunk Cost Fallacy:
Decision Summary



1 Sunk Cost vs Opportunity Cost

Past costs are gone. Future opportunities are still in your hands.

Sunk Cost

Resources you have already invested and cannot get back.

- Time already spent
- Money already paid
- Effort already made
- Past decisions



SUNK COSTS ARE IRRECOVERABLE AND SHOULD NOT DRIVE FUTURE DECISIONS.

Opportunity Cost

The potential value you give up by staying with a bad choice.

- Time you could spend elsewhere
- New opportunities you might miss
- Better use of your money and energy
- Personal growth and learning



EVERY "YES" TO A LOSING OPTION IS A "NO" TO A BETTER OPPORTUNITY.

2 Why We Get Stuck

Our brain has built-in mental shortcuts that make it hard to walk away, even when something isn't working.

Loss Aversion

The pain of a loss feels much stronger than the pleasure of a gain, so we keep investing to avoid feeling that the previous effort was wasted.



"It already cost me so much — I can't just walk away."

Ego Preservation

Admitting a decision was wrong can feel like admitting a mistake. To protect our self-image, we continue investing instead of changing course.



"I don't want to look like I made a bad decision."

3 4 Practical Steps for Better Decisions

1 Zero-Based Decision Analysis

- Ignore past costs completely.
- Look at the present situation as if you are starting fresh.
- Ask: "If I had no past investment, would I still do this?"

2 Set Clear Kill Criteria

- Decide in advance when you will walk away.
- Use measurable criteria (e.g., time, money, progress).
- Stick to the criteria to avoid emotional decisions.

3 Get a Third-Party View

- Talk to someone neutral and objective.
- Ask for honest feedback.
- They can help you see things more clearly and challenge your bias.

4 Reframe Quitting

- Quitting is not a failure.
- It's a strategic choice to focus on better options.
- See it as learning, self-respect and freeing up resources for what truly matters.

Let go of what no longer serves you, so you can say yes to a brighter, more fulfilling future.

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