



## Don't Let Sunk Costs Sink You

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By **David Evans, PhD**, Ceatus Media, L.L.C.

**T**op-tier digital marketing strategies do not just appear overnight. They require a time commitment. A responsive website with a personalized design can require 3 to 6 months to develop. Similarly, a new search engine optimization (SEO) strategy often requires a number of steps before launch. This should include a comprehensive analysis of the market/competition, thorough review of each page of the website, development of new unique content, and fine-tuning online citations. This takes up to 90 days to accomplish each of these steps properly. Then add on an additional 6 to 9 months to see initial results. Even with all of these pieces in place and the beginning signs of benefits in the practice revenue, online strategies still require daily nourishment. Without a continued and dedicated push, the momentum can stop or, worse, go backward.

### **Sunk Costs Can Sink Progress**

Good business people make decisions to invest in the future. One of the oldest rules in business is to avoid making decisions based on money already spent—ie, sunk costs. In today's environment, practices investing with a digital marketing company often sign a contract for 1 to 2 years or even more. When the prescribed strategy works, it's great, but too many practices elect to stay with a digital

marketing company even when the digital strategy is not producing high-quality online visibility and/or increasing practice revenue. Rather than being proactive in the investment, too many surgeons remain locked into a contract that's not working, merely because of sunk costs. They reason the money is already committed and just take the punishment. Because of the highly fluid nature of digital marketing and the need for forward momentum, sitting on ineffective digital strategy can be very expensive.

### **Different from a Cell Phone Contract**

Although it may feel just as easy, purchasing digital marketing services is not as clear-cut as signing up for a cell phone contract, where you commit for a specific time period and receive essentially the same service that everyone else does. Digital marketing is unique to the business and its target audience. As a result, customization is critical and the resulting contract and performance should reflect this.

### **What If You Are Stuck**

If the surgeon can avoid it, do not sign a long-term digital marketing contract without a performance requirement. These types of contracts are generally one-sided, resulting in



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a practice being locked into a contract, but the company has no requirement or incentive to perform. Receiving a promise to focus high rankings for keywords or to post a few blog posts does not automatically equate to delivering new patients and increasing revenue. At a minimum, negotiate to opt out in 60 days if the digital strategy created by the company is not getting the job done.

In the case of a long-term, no-cancel contract where there's no forward momentum in the online footprint, there are a few options. First, approach the marketing company and inform them the relationship is not working and the practice is ready to move on. Marketing companies, just like doctors, do not want bad press or a bad reputation in the marketplace. A bad review or negative word-of-mouth is not good for their business, either, and most reasonable companies will work to part ways in a friendly manner.

If the practice does not want to confront the marketing company or feels the company will not release them from the contract, it is important to recognize the money is now a sunk cost. The money is lost, and waiting won't change it. Further waiting could mean the potential for new patients and practice revenue is lost during the wait.

Think of a situation where a car maintenance contract is in place, but it's impossible to fix the car for 3 months. What do you do? Do you just park the car and walk or ride the bus to your destination? Not likely. Instead, you take the car to another company for maintenance, and the money paid toward the maintenance contract is in effect null. In other words, don't let your strategy sit idle because of sunk costs.

*David Evans, PhD, MBA, is the CEO of Ceatus Media Group, based in San Diego. His column, "The Edge," appears in every issue of Plastic Surgery Practice. He can be reached at [devans@ceatus.com](mailto:devans@ceatus.com).*