

# How Attorneys Underearn

By Ann M. Guinn

*Ann Guinn will be speaking Friday, September 21 at the SBM Annual Meeting and ICLE Solo & Small Firm Institute in Grand Rapids. Ms. Guinn is a practice management consultant who helps attorneys build high-earning, client-centered, satisfying law practices. She has generously allowed us to republish an article previously presented elsewhere on the topic of underearning. This topic is a timely one for our Practicing Wellness column. A key element in self-care is developing financial awareness, clarity, and mastery. In today's economy, this can be challenging. Please take a few moments to read this article. If you are attending the annual meeting, don't miss Ms. Guinn's presentation on how attorneys underearn. If you cannot attend, look for her two "Ten-Minute Tips" at <http://www.icle.org>.*

—Tish Vincent,  
LJAP Program Administrator

**A**s a consultant to small law firms, I have discovered an unsettling phenomenon among the attorneys I meet. Many practitioners are struggling with chronic underearning—and I am at a complete loss to explain why. Simply put, *underearning is earning below your potential*. Symptoms of underearning include:

- Not living the life you want
- Not being able to provide the lifestyle you would like for your family
- Not making enough money to cover your basic needs
- Not having enough money each month to save for emergencies or retirement
- Not being able to give your staff the raises or bonuses they deserve
- Living in deprivation

- Not being able to do the things you would like with your business
- Constant stress about money

Underearning is about making choices that keep you earning below your potential. In his book *Earn What You Deserve* (Bantam 1996), Jerrold Mundis tells us that underearning may take an active or passive form. Passive underearning is about choosing not to do something or failing to do something that would have resulted in your earning more money. Failing to raise your fees, refusing to spend money on software or equipment that would make you more efficient and productive, or not tending to your marketing are examples of passive underearning. Active underearning involves knowingly doing something that will cause you to underearn. Examples include accepting a client you believe will not be able to pay, providing excessive pro bono services, discounting fees, writing off time, or handling certain administrative (nonbillable) tasks that could be outsourced (e.g., payroll and bookkeeping responsibilities). Either consciously or unconsciously, too many attorneys make choices that cause them to underearn.

Over the years, I have encountered a variety of behaviors that lead to underearning. Some are personal issues, while others are poor management strategies. Do any ring a bell with you?

- Giving away time
- Irregular billing
- Failing to market

- Accepting bad clients/cases
- Accepting clients who can't pay
- Lack of self-motivation
- Undervaluing your work
- Underbilling for work performed
- Self-limiting beliefs
- A continuing expectation that someone or something will save you
- Rationalizing low income
- Reverse snobbery ("People with money aren't nice")
- Subtle self-sabotage
- Codependency (putting other people's needs ahead of your own)
- Living in financial chaos
- Lack of self-discipline
- Not working enough hours
- Filling free time with nonrevenue-producing activities and tasks (Internet surfing, computer games, endless chores, personal e-mails, shopping, and staring out the window)

If you are an underearner, unless you understand how your behavior takes money out of your pockets and those of your partners, you're going to have a hard time changing your behavior. Unless you see underearning as depriving your family of a better lifestyle, you aren't going to change. Unless you see underearning as earning below your potential and recognize that you could be earning more, you will never believe it doesn't have

The following nonprofit organizations offer a wealth of information and meetings (in-person, online, and by phone) to help individuals struggling with money issues:

**Debtors Anonymous** <http://www.debtorsanonymous.org>

**Underearners Anonymous** <http://www.underearnersanonymous.org>



