THE DIFFERENCES BETWEEN AN INTERNAL AND EXTERNAL PROJECT MANAGER

ABSTRACT

The differences between an Internal and External Project Manager (IPM & EPM) are usually overlooked in the project management literature. However these differences may have a significant importance when selecting a project manager, having possible adverse impact on the overall project performance if these differences are not properly considered. This paper elaborates a framework for the differences between an IPM and EPM and tests it against three organisations using quantitative (survey) and qualitative (semi-structured interviews) research methods. The research concludes that both types of PMs should not be viewed within the same light, as they each have a different role, skillset, issue management style and project success rate. In particular, IPMs tend to deploy a more ‘reactive’, whereas EPMs tend to use a more ‘proactive’ management style. Also, moving from IPM to EPM is frequently seen as a career progression. These differences may have major implications on how project managers are selected, promoted and recruited.

Keywords: Internal Project Manager; External Project Manager; Project Type; Project Success
1 INTRODUCTION

In today’s world, Project Management underpins much of the global economic activity, as projects enable a government to deliver changes to a nation or allow an organisation to meet strategic aims and objectives (Wheatley, 2010). Therefore, as a result, millions of projects are currently being undertaken, thus creating strong demands for highly skilled Project Managers (Muller and Turner, 2007a).

The Project Management literature has witnessed a significant increase in topics such as ‘Determining Project Success’, ‘Project Planning’ and ‘Project Portfolio Planning’ (IKA, 2009); however a particular interest has been placed on the ‘Role of a Project Manager’ (Bakhsheshi and Nejad, 2011). There has been an influx in empirical research to determine the vital characteristics needed to execute a project successfully (Muller and Turner, 2005; and Newton, 2009), yet no clear clarification has been made to determine whether a certain project is suited to a particular Project Manager (PM) type.

After consulting with a Corporate Manager from a leading IT company, a claim was made that Internal Project Managers were not assigned for External Projects and vice-versa, due to different skills being required. Also, one of the authors had experience in working as project manager for internal and external projects, and this seemed to be an issue that was not sufficiently addressed. Rad (2003) explained that an External Project (EP) is client facing and is delivered for the customer; whereas an Internal Project (IP) is executed within an organisation whilst using their own PMs. However neither Rad (2003) nor other authors have made an explicit reference to determine the different skills possessed by an Internal Project Manager (IPM) or External Project Manager (EPM). Therefore, this claim has unveiled a considerable gap in light of today’s Project Management based society; thus research within this topic could have a significant impact on the quality of a project’s outcome or the recruitment of PMs for a particular project type. For that reason, this project researches the difference between an IPM and EPM, as the lack of studies and awareness suggests practitioners and organizations may be unaware of the dissimilarities between an IPM and EPM.

The purpose of this research is to examine the difference between an IPM and EPM, as this topic has been widely overlooked within the Project Management literature. Undeniably, it has failed to explicitly categorise a PM into two groups, an IPM or EPM, nor state the differences between the two. And this difference may be relevant in the way project managers are selected, promoted and recruited. Also this research challenges the assumption that a project manager can manage any type of project, given the appropriate training, as the conventional and diffused literature for practitioners (e.g PMBoK Guide (2013)) may lead one to believe.

Therefore this paper has two aims;

1) To make a significant contribution to the Project Management Literature by presenting new information on the differences between an IPM and EPM.

2) To start the development of a systematic tool for an organisation to use when assessing a future project.

Furthermore, Figure 1 indicates the Research Question and Five Objectives to enable the research to address the predefined aims.

What is the difference between an IPM and EPM?
To understand the difference between an IP and EP
To determine the characteristics between an IPM and EPM.
To understand the differences in the key issues between an IPM and EPM.
To determine whether there is a difference in success rate between an IPM and EPM.
To determine whether an IPM and EPM can interchange roles.

Figure 1 – Research Question and Objectives
Source: Author’s own elaboration
Consequently, this research is divided into five other Sections. Section 2 presents the Literature Review which highlights the key themes but also gaps around this topic. Section 3 presents a new Framework which has been developed to provide a new contribution to the Project Management literature. Section 4 explains and justifies the research methodology adopted. Section 5 collates the results and analyses the outcomes appropriately. Finally, Section 6 presents the key findings whilst also making suggestions for further research.

2 LITERATURE REVIEW

This literature review forms a platform to build new theory on the differences between an IPM and EPM. Therefore, a model (Figure 2) has been developed and consists of previous research to help to examine the Research Question and Objectives (Figure 1).

---

**Figure 2 – The Literature Structure**
Source: Author’s own elaboration.

The framework is divided into four parts, (1) Addressing different project typologies, (2) Determining the key skills needed to be a PM, (3) Understanding the key issues during a project, and (4) Determining project success.

2.1 Determining the Type of Project

The meaning of a ‘Project’ is defined as a ‘temporary endeavour undertaken to create a unique product, service or result’ (PMBoK Guide, 2013). Newton (2009) claimed that ‘Projects’ are characterised by ‘uncertainty, ambiguity, unknowns and assumptions’ and it is essentially a ‘way of working, organising people and managing tasks’.

Despite Rad (2003) stating that a project can be divided into two major groups, either internal or external, many authors continue to use other categories to define a project type (Sauser, Reilly and Shenhar, 2009; and Bakhsheshi and Nejad, 2011). Table 1 highlights a wide debate in the literature on the classification of a project and the limitations within this. The table suggests determining a project type is a complex task; therefore more attention is needed to match the most appropriate PM to a particular project type (Muller and Turner, 2007). Therefore, Rad (2003) provided a simpler approach on how a project should be characterised starting by determining the beneficiary of the project, either an internal or external customer.

---

**Table 1: PROJECT CLASSIFICATION**

<table>
<thead>
<tr>
<th>Author</th>
<th>Emphasis</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peart (1971)</td>
<td>Unique numbering systems to characterise projects. Then further subdivided into contract type, or similar sub-categories.</td>
<td>Outdated and overcomplicated system which does not take into account contemporary projects.</td>
</tr>
<tr>
<td>Turner and Cochrane (1993)</td>
<td>Classified on a 2x2 matrix and a definition given of all four types with three breakdown structures.</td>
<td>While it is based on defining the goals and methods used for the project, this classification does not consider the PM and the skills needed to execute the project.</td>
</tr>
<tr>
<td>Archibald (2003)</td>
<td>Categorising projects with similar life cycle phases and one unique management process.</td>
<td>Although consideration towards the work needed, there is no acknowledgement on how a PM can influence the success of the project.</td>
</tr>
<tr>
<td>Crawford et al. (2004)</td>
<td>Categorising projects to determine their purposes and attributes.</td>
<td>Their work presented many factors to help categorise a project, however it is a highly technical and complicated process, thus impracticable.</td>
</tr>
</tbody>
</table>
The Differences between an Internal and External Project Manager

Shenhar and Dvir (2007) categorised a project based on novelty, technology, complexity, and pace (NTCP) to help adapt the correct managerial style to the specific needs of a project. Shenhar and Dvir (2007) categorised a project based on novelty, technology, complexity, and pace (NTCP) to help adapt the correct managerial style to the specific needs of a project. Although this tool is used to select the most appropriate PM, it does not appreciate the difference between an internal or external project. This approach is generic and does not consider how the different styles/skills of PMs can impact the project.

Paton and McCalman (2008) classified a project into one of two groups, either ‘mechanistic or complex’ projects (M vs. C). Paton and McCalman (2008) classified a project into one of two groups, either ‘mechanistic or complex’ projects (M vs. C). This approach is generic and does not consider how the different styles/skills of PMs can impact the project.

Consequently, this paper will focus on only two major types of projects, either internal or external, which is similar to Grant’s (2006) differentiation between an internal and external customer. He explained that an internal customer lies within an organisation, whereas an external customer lies outside an organisation. Thus an External Project (EP) is taken on from outside the enterprise carrying out the project (Rad, 2003). However, an Internal Project (IP) is executed inside the organisation with the aim to improve business performance and meet strategic objectives (Rad, 2003). Effectively, the ‘Internal Customer’ is the head of the area who needs the project to be accomplished successfully to benefit the organisation (Grant, 2006). However, Rad (2003) did not confirm whether the project should be delivered by a specific PM, thus presenting this research project with an opportunity to make a contribution to the literature by investigating whether there is a difference between the two types of PMs.

According to table 1, there are many ways in which different authors categorised projects. The main argument here is that little attention was paid to the simple differentiation between internal and external project which may precede such categorisations. Figure 3 indicates how a project could be differentiated as either internal or external first, before the other categorisations take place (e.g. NTCP – Novelty, Technology, Complexity and Pace as in Shenhar and Dvir (2007); and Mechanistic vs. Complex as in Paton and McCalman (2008). Hence, the categorisation of IPM and EPM is complementary to other types of categorisations.

However, this differentiation does not aim to discredit the work of previous authors but adds a new dimension to the project analysis process which is currently not considered. This aspect should become a prerequisite before further analysis is undertaken to determine the most appropriate manager for each project.

2.2 The Skills of A PM

Muller and Turner (2007) claimed the PM executes all the components of a project and can operate in a range of industries, such as Information Technology, Construction, Pharmaceutical and Automotive. Newton (2009) explained a PM is responsible for ‘the time the project takes to deliver, the resources consumed, the quality of work done, the scope, outcome, and the customer’. Moreover, Crawford et al (2006) suggested the most effective PM should be professionally qualified in methods of...
delivering projects which includes formal certifications such as PRINCE2. However this does not agree with El-Sabaa (2001) who claimed that there is no specific route that needs to be undertaken before becoming a PM.

Muller and Turner (2007a) asserted there is not just one skill needed to be an effective PM but certain skills are more suited than others. Similarly Newton (2009) claimed that a PM needs to have ‘strong communication skills’, a ‘personality style to suit the project’, have ‘creativity’, be a ‘good decision maker’, the ability to ‘take ownership’ and ‘include team members within a project’. Crawford et al (2006) suggested that collaboration and the ability to network are also essential characteristics for an effective PM. Meredith et al (1995) categorised the competencies needed for a PM into six core skills; ‘communication’, ‘organisational’, ‘team building’, ‘leadership’, ‘coping’ and ‘technological skills’.

**Figure 4 – Three Basic Skills for an Administrator**
Source: Katz (1974)

However Katz (1974) claimed just ‘three basic’ skills were needed to be an effective administrator. These are ‘Human Skills, Conceptual Skills and Technical Skills (Figure 4). However, each category combines previous characteristics mentioned. ‘Human Skill’ is the ability to work effectively as a group member and to build cooperative effort within a team (El-Sabaa, 2001). The primary concern within this skillset is the ability to work with people. ‘Conceptual Skill’ is the gift to see the enterprise as a whole, including recognising how various functions of the organisation depend on one another and how changes in any one part can affect all the others (Katz, 1974). It extends to ‘visualising the relationship of the individual business to the industry, the community, the political, social, and the economic forces of the nation as a whole’ (El-Sabaa, 2001). ‘Technical Skills’ imply an ‘understanding and proficiency in a specific kind of activity, particularly one involving methods, processes, procedures or techniques’ (El-Sabaa, 2001).

The three basic skills coined by Katz (1974) presents a suitable framework to use when investigating ‘Objective 2’ (to determine the characteristics between an IPM and EPM). Katz (1974) also developed a list of 18 questions incorporating a wide range of characteristics and has been used successfully by many researchers, although not within the context of this research project (El-Sabaa, 2001).

### 2.3 Issues within Project Management

This research must now determine the potential issues that can derive during a project. Table 2 has compiled a list of six issues that a PM needs to overcome before and during the project. This will then be tested against IPMs and EPMs to help address the ‘Research Question’ and ‘Objective 3’ (to understand the differences in the key issues between an IPM and EPM).

---

3 Prince2 is a project management methodology developed by the OGC (Office of Government Commerce). Further information can be found in [http://www.prince-officialsite.com/](http://www.prince-officialsite.com/) (accessed on 14th February 2014).
Table 2: 6 KEY ISSUES PRESENTED TO PMS

<table>
<thead>
<tr>
<th>Issues</th>
<th>Description</th>
<th>Author(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Tight or unrealistic budgets can be problematic for the PM. Delays, an increase in resources and poor planning can all cause issues to the PM.</td>
<td>Lewis (2007) and Levine (2005).</td>
</tr>
<tr>
<td>Culture</td>
<td>The cultural differences within an organisation as well as in other organisations may pose a threat to the PM.</td>
<td>Hofestede (2006)</td>
</tr>
<tr>
<td>Experience</td>
<td>The PM with high levels of experience will be able to handle authority better than a PM with less experience. This concerns team members, senior management, clients and external stakeholders.</td>
<td>Van Stratum (2006)</td>
</tr>
<tr>
<td>Quality</td>
<td>The product/service may not reach the required standard. This can be caused due to a lack of resources, limited budget or a difference in expectations. All these factors can pose an issue for the PM.</td>
<td>Turner (2009), Lewis (2007) and Levine (2005).</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Some stakeholders can have more/less interests than others, therefore it is important for the PM to appreciate the impact they can have whilst communicating on a regular basis. This can also incorporate political differences that PMs may need to overcome.</td>
<td>Johnson and Scholes (2002), Turner (2009), Robert (2003) and Earl and Clift (1999)</td>
</tr>
<tr>
<td>Time</td>
<td>High Project turnover, the reduction of resources deployed, change in personnel, a shift in priorities, and project task dependency can all cause issues to a PM.</td>
<td>Turner (2009), Lewis (2007) and Levine (2005).</td>
</tr>
</tbody>
</table>

Source: Authors’ own elaboration

These six key issues are important, as it will now enable to understand, first what issues derive between project types and secondly, how different PM types handle these issues.

2.4 The Meaning of Project Success

The study on ‘Project Success’ has witnessed a wide debate over the past 50 years (Jugdev and Muller, 2005). Newton (2009) stated that even though a project starts, it does not necessarily mean that it will complete successfully. Therefore, it is important to understand how a project is deemed successful, as it will enable to answer the ‘Research Question’ and ‘Objective 4’ (to determine whether there is a difference in success rate between an IPM and EPM).

The emphasis of success originally focused on the project management domain with the main weight being on the delivery of the project. Performance metrics were based on the ‘Iron Triangle’ (Figure 5), thus success was defined on whether the project finished on ‘time’, within ‘budget’ and delivered with the desired ‘quality’ (Kerzner, 1987).

![Figure 5 – Determining Project Management Success](source: Kerzner (1987))

However, success developed from a ‘Project Management’ to a Project domain. Within this era, the meaning of success started to include other criteria such as understanding the ‘end user satisfaction’, the ‘benefits to the stakeholders’ and the ‘inclusion of a Success Factor List’ (IKA, 2009). Nonetheless, the meaning of success has now evolved from a Project domain to now Strategic Success (IKA, 2009).

Shenhar et al (2007) reported that firms need to consider five key dimensions: ‘project efficiency, impact on the customer, impact on the team, business and direct success, and the preparation for the future’.

Nevertheless, this research aims to determine project success as a Project Management domain thus focusing on the, time, cost and quality (Figure 5) as it is viewed as the most objective and widely used model.
3 THE FRAMEWORK AND RESEARCH PROJECT ASSUMPTIONS

3.1 Step 1: Project Type (Objective 1)
The current literature overlooks a project and a PM being either internal or external. However, this simple distinction can potentially change the way organisations assess projects in the future. This research aims to find a clearer difference between an IP and EP, whilst also uncovering whether a PM exclusively specialises as either an IPM or EPM within the industry.

3.2 Step 2: PM Skills (Objective 2)
This research has used a range of skills and combined them into three categories, ‘Human, Technical and Conceptual Skills’. This was coined by Katz (1974) and later developed by El-Sabaa (2001) but it has never been used to test the differences between an IPM and EPM. Therefore, this research is aiming to find key differences between an IPM and EPM when tested against these categories.

3.3 Step 3: Potential Issue (Objective 3)
Six key issues can arise within project management but this again has not been tested against IPMs and EPMs. Thus supplying a unique opportunity to investigate whether each PM type is faced with different issues and how they overcome this. The assumption in this research is that EPMs will have more issues to deal with than IPMs, such as stakeholder and cultural problems considering more interaction is needed with external clients.

3.4 Step 4: Project Success (Objective 4)
This research has adapted three criteria (Time, Quality and Cost) to measure the success rate between an IPM and EPM (Kerzner, 1987). This traditional perspective has been selected as it supplies the most robust measurement and it is a widely accepted model (IKA, 2009). This paper expects IPMs to have a higher success rate than EPMs as there are less factors/issues to consider.

Once Step 4 is completed, the research project can then address ‘Objective 5’ and also answer the solitary research question. The initial observation is that PMs will not be interchangeable as there will be too many significant differences between an IPM and EPM.

4 RESEARCH METHODOLOGY

This section outlines the selected ‘Research Method’. The Saunders et al (2006) ‘research onion’ has been adopted whilst choosing the research methodology as according to Johnson and Clark (2006), it is a widely appreciated research model.
4.1 Philosophy

This research uses a ‘Realistic’ and ‘Interpretive’ philosophy as it enables flexibility and focuses on the significance of the actual facts, whilst also allowing the project to build a new theory to address the Research Question (Saunders et al, 2007). The Positive philosophy is not suitable as it requires a far-reaching emphasis on data collection and the highly structured approach is inflexible to any required changes (Johnson and Clark, 2006).

4.2 Approach: Deductive and Inductive

This research adopts a mixed approach. The ‘Inductive’ approach enables the research to gain a closer understanding of the organisation’s setting as the flexible structure permits changes (Bryman and Bell, 2007). However, a ‘Deductive’ approach permits some of the limited theory to also be used when examining the differences between an IPM and EPM, such as determining the ‘PM Skillset’ (Bryman and Bell, 2007).

4.3 Strategies

This research has selected the ‘Case Study’ and ‘Survey’ approach to examine the Research Question and Objectives. Both these strategies are aligned with the research philosophy as it enables the research to test the framework whilst building a new contribution to the literature. This research is exploratory in nature and the sample size is not enough to claim statistical validity. Therefore, the survey and case study were used in combination in order to provide better insights on this topic about IPM and EPM that can be tested in further research.

4.4 Data Selection Choice (Triangulation)

This research uses both ‘Qualitative’ and ‘Quantitative’ data, thus ruling out a mono-method. Tashakkori and Teddlie (2003) suggested that the multiple method approach is useful, as it provides a superior opportunity to question the research findings by applying the ‘triangulation’ approach.

4.5 Time Horizon

Saunders et al (2007) presented two time horizon methods; a ‘Longitudinal’ or ‘Cross-sectional’ study. The ‘Cross-sectional’ method has been selected as Easterby-Smith et al (2008) suggests this technique can be used within a ‘Case Study’ approach as it explains factors that are related within organisations. The ‘Longitudinal’ study is more resource intensive, and as this research has a more exploratory nature, the ‘Cross-sectional’ method can be used to provide insights that can inform future ‘longitudinal’ studies.

4.6 Access to Data

This research has gained access to three organisations. Due to confidentiality agreements, the firms will be addressed as Firm A, B, or C. Saunders et al (2007) claims anonymity enables respondents to supply responses with more freedom, thus improving the likelihood to receive better outcomes from primary research. The three firms have been selected as they contribute a balance in expertise in project management, whilst also providing an opportunity to interview both IPMs and EPMs. Besides the accessibility to data and to interviewees, the criteria adopted to select the three firms included: (i) being project-based organisations (i.e. at least part of the organisation (e.g. business unit) organised by projects), and (ii) the diversity of context (i.e. being from different sectors/industries) as this contributes to the better generalisation of results.

4.6.1 The Participating Organisations

Each firm is unique and it supplies a more detailed understanding of whether there is a difference
between the two types of PMs. This research conducts an online survey and arranges face-to-face interviews with PMs as Daft’s and Lengal’s research (1984) stated meeting in person was the best method to answer equivocal topics.

### Firm A
The firm is a provider of World Class Credit Cards, Charge Cards, rewards, travel, financial and business services including Corporate Cards.
The participating department carries out projects to support an operational team and deal with compliance, re-engineering, and strategic projects such as executing new methods to enable customers to interact with the organisation. There are 17 IPMs.

### Firm B
The company operates in the defence, security and aerospace domain across the world.
The team provides PMs a variety of projects across their business unit. Their services include project initiation, risk and opportunity management, stakeholder management and performance control. The team is comprised of 8 IPMs.

### Firm C
The firm is a Global market leader in Service Management Solutions. They provide a range of highly adaptable IT Service Desk, Customer Support and Business Help Desk Software.
The project management team based in the UK provides projects in both the UK and USA. They have around 20 PMs which are combined by in-house and contractor PMs. The primary focus is on external projects.

#### 4.6.2 Quantitative Research
A survey was sent out to the three organisations via Sogosurvey.com and it received 25 out of a possible 55 responses (10 from Firm A; 3 from Firm B; and 12 from Firm C). The overall response rate was 45%, which according to Saunders et al (2007) is considered as a high return rate for an online survey. The survey has included work from Katz (1974) and El-Sabaa (2001) to provide additional validity as it was successfully used before.

#### 4.6.3 Qualitative Research
One semi-structured interview was undertaken at Firm A and B, whereas two semi-structured were carried out at Firm C. This allowed the research to create a balance in responses thus adding to the strength of the results. The interviews were directed at senior project managers with the aim to address the key findings from the survey. Overall 11 questions were asked and the full interview transcripts were undertaken. The responses provide an opportunity to probe the PMs in detail to further understand and interpret the survey results.

### 5 Research Findings and Analysis

This section follows each ‘Step’ of ‘The Framework’ to highlight the findings, whilst investigating the Research Question and Objectives in Figure 1. The analysis incorporates the Survey Results, Interview Responses and the Literature previously presented.

#### 5.1 Understanding the Survey Results

The Survey Results indicates key differences between an IPM and EPM which is highlighted in Table 3. This is further examined during the analysis in this section.
The Differences between an Internal and External Project Manager

The Survey Results are explored as two groups, an IPM (Firm A and B), and an EPM (Firm C). Therefore Firm A’s and B’s survey responses have been combined to form one group.

5.2 The Interview Results

The Interview Responses are presented as a separate entity during the analysis. Therefore, unlike the Survey Results, the responses have been left alone; Interviewee 1 (Firm A), Interviewee 2 (Firm B) and Interviewee 3 and 4 (Firm C).

5.3 Step 1 Analysis: Project Type (Objective 1)

The Survey Results found 88% of the PMs agreed with Rad (2003), as they felt that there were two types of project (IP or EP). This result simplifies other authors’ work such as Crawford et al (2004) and Shenhar and Dvir (2007) as only two types of project are classified, thus making a clear distinction, whereas previous attempts at defining a project was viewed as a complex task (Sauser, Reilly and Shenhar, 2009; and Bakhsheshi and Nejad, 2011).

5.3.1 IPs and EPs or other Project Typologies

The survey results found 100% of the PMs indirectly confirmed the existence of two explicit PMs, as they selected being either an IPM or EPM (Chart 1). To explain the difference within the role, Interviewee 3 claimed “EPMs need to be aware of different networking styles”, whilst also stating EPMs “have a strategy issues compared to IPM”. Therefore, the survey results and interview responses develop Rad’s (2003) work, as himself and other authors failed to classify a PM into two groups, an IPM or EPM (Newton, 2009; Meredith et al, 1995; Katz, 1974 and El-Sabaa, 2001). Furthermore, the survey results and interview responses highlighted that the expressions ‘IP and IPM’ and ‘EP and EPM’ are used explicitly amongst practitioners. This confirms the initial claim made by the Corporate Manager as a clear distinction between an IP/IPM and EP/EPM has now been found.
5.3.3 Changing the Project Analysis Stage

The new information regarding IPs/EPs and IPMs/EPMs can now change the project analysis stage to help an organisation classify a project type, as it was previously implied as a complex process within the literature review (Muller and Turner, 2007a; and Sauser, Reilly and Shenhar, 2009).

Therefore, developing on the work of authors such as Shenhar and Dvir (2007) or Paton and McCalman (2008), this contribution suggests an organisation must first classify a project as either an IP or EP, as Sauser, Reilly and Shenhar (2009) claimed a firm currently has multiple methods available to classify a project.

However determining a project as either an IP or EP is a simplistic task, thus enabling an organisation to choose the most suitable manager (IPM or EPM) once further project analysis takes place as suggested in Figure 3. Therefore as previously explained in the Literature Review, this result does not aim to discredit previous work, but has added substance to enhance a new dimension to the project analysis process. This expected simplistic but powerful addition can potentially save an organisation’s time as it focuses on the actual resources firms have at their disposal, i.e. the correct PM type.

5.4 Step 2 Analysis: The Skill Differences between an IPM and EPM (Objective 2)

The survey results highlighted differences between the skills possessed by an IPM and EPM (Chart 2). EPMs scored higher in the survey results on all three skill categories compared to IPMs, thus indicating a strong contrast in skillset between the two types of PM.

5.4.1 The Human Skills

The survey results (Chart 3) indicate Human Skills are more evident amongst an EPM than an IPM as the mean score was 4.7 (out of 5) for the former as opposed to 2.9 (out of 5) for the latter. According to El-Saba (2001), a PM with highly developed ‘Human Skills’ is sufficiently sensitive to the needs and motivations of others involved within the project. Therefore, results suggest EPMs are stronger at managing members and engaging with people in comparison to IPMs. Thus, considering Interviewee 2 claimed “EPs deal with clients that have different motivations to those in IP projects”, this skill is therefore essential and explains why EPMs scored higher compared to IPMs. Moreover Interviewee 3 indicates “EPMs need to develop a strong relationship with the clients or face issues such as poor communication”. This remark correlates to the reason why ‘Communication’ and ‘Adaptability’ skills scored the highest amongst EPMs (Chart 3).
In addition, Interviewee 3 (Firm C) claimed “communication is one of the most important skills’ needed as an EPM”. Katz (1974) stated that by accepting the existence of ‘viewpoints, perceptions and beliefs which are different from the PM’s own’, they are skilled in understanding what others really mean by their words and their behaviour. Consequently, the survey results concluded EPMs work with multiple stakeholders, thus ultimately defining ‘Human Skills’ as imperative as opposed to IPMs. This is in keeping with Johnson and Scholes (2000), as they explained ‘effective communication’ is an essential skill for successful ‘Stakeholder Management’.

However, in order to be effective, Katz (1974) stated this skill can only be ‘naturally’ and ‘unconsciously’ developed, as well as being consistently implicit in every action of the PM’s behaviour. Furthermore he explained that this skill must also become an integral part of the PM’s whole-being, suggesting that it is not easily developed and implying IPMs are not suitable to manage EPs as their ‘Human Skills’ were found to be inferior to EPMs.

5.4.2 The Conceptual Skills

The survey results indicate EPMs need higher ‘Conceptual Skills’ than IPMs (Chart 4). El-Sabaa (2001) explained a PM with a higher score has a stronger ability to ‘envision the project as a whole’, thus recognising how the various functions of a project depend on one another and ‘how changes in any single part could impact all the other parts’. This new discovery was acknowledged by Interviewee 4, as he claimed an “EPM can bring a fresh look to a project”, thus insinuating IPMs have a prejudged approach preventing a full understanding of the project which is in keeping with El-Sabaa’s (2001) interpretation. Furthermore the survey results found EPs have a ‘longer duration’ and ‘larger budget’ in general, which can explain why EPMs scored higher than IPMs in grasping a ‘deeper understanding of the project’, ‘more detailed planning’ and a ‘stronger connection to the project’.

Whereas Interviewee 2 revealed “IPMs execute projects within their own business division”; Interviewee 3 stated “IPMs may focus on how their business division benefits but not necessarily how the whole organization operates”, whilst Interviewee 4 claimed “EPMs need to understand the client’s firm throughout whilst also being able to sell the benefit of the project to the receiving organization”. Therefore these findings explain the difference in survey scores within this section and explain why IPMs do not need to have such a comprehensive understanding that EPMs need to have.

5.4.3 The Technical Skills

EPMs scored the highest against IPMs within this section (Chart 5). Interviewee 4 stated “EPMs need to have a stronger technical competency, as their clients must be convinced in the firm’s ability and knowledge to deliver the project within their organisation”.

Furthermore, an unexpected discovery from the Survey Results found EPMs from Firm C are all professionally certified, whereas only 54% of the IPMs (Firm A and B) were certified (Chart 6).
This explains the contrast in survey results amongst the ‘Tools and Techniques’ and ‘Methods, Processes and Procedures’ scores (Chart 5). Crawford et al (2006), claimed professional qualifications such as PRINCE2 provide a methodology which is endorsed by a qualified standard and supply ‘the management, control and the organisation for the project’.

Interviewee 3 acknowledged that not only do certifications supply a methodology for the PM but it can also be used as a ‘prerequisite’ to help ‘entice new business’ from prospective clients by claiming all their PMs are professionally trained. Therefore this suggests a certification may not be as highly demanded by IPMs as their organisation may already have a set methodology and does not need to use an industry standard to attract business.

Finally Interviewee 3 claimed ‘understanding technology’ and ‘tools’ is also a very important skill, as it highlights a strong level of professionalism to the external client, although neither Firm A nor B acknowledged the same skill from the Interviews.

This therefore, sheds light on the difference in scores between an IPM and EPM within this category, as the survey results suggest IPMs are less aware of ‘new technology’ within their role.

5.5 Step 3 Analysis: The Key Issues between an IPM and EPM (Objective 3)

The survey results found IPMs and EPMs are faced with similar issues (Chart 7 and 8); although only 4 out of 6 issues were mentioned whilst no new issues were highlighted. EPMs and IPM shared 3 key issues (‘Stakeholders, Cost and Time’), whilst IPMs are faced with one additional Issue, ‘Quality’ (Chart 8). However, as expected, the PMs from the interviews explained how IPMs and EPMs have a different approach to dealing with problems during the project life-cycle, a ‘Reactive’ Vs. ‘Proactive’ management strategy.
5.5.1 Reactive vs. Proactive

This observation is both an unexpected and a novel finding, as differences in issue management approaches have not been addressed within the confines of Project Management. According to the survey results and interview responses, IPMs deploy a more ‘Reactive’, whereas EPMs use a ‘Proactive’ management style when handling issues during the project lifecycle. Larson et al (1986) indicates ‘Reactive Management’ is the ability to adapt ‘to events when they occur with little to no anticipation’ which is emphasised by Interviewee 2, as he explained IPMs ‘seek support’ from management to help overcome issues. However, ‘Proactive Management’ is the capability to ‘anticipate events such as problems and consumer demands’ (Larson et al, 1986). Interviewee 4 stated ‘detailed planning’ helps EPMs anticipate potential problems without seeking adjustments like IPMs. Therefore this new addition connects with a previous finding, as EPMs rely greatly on their planning skills (Chart 4). Interviewee 3 claimed EPMs are “judged heavily by clients on their ability to finish a project within time”, thus explaining why this skill scored highly for EPMs (4.7 out of 5 - Conceptual Skills) in Step 2 compared to 3.5 out of 5 for IPMs (Chart 4).

5.5.2 Dealing with Cost

The survey results indicate ‘cost issues’ is a major concern for EPMs. Lewis (2007) and Levine (2007) explained these can be derived when a project ‘overruns or additional resources are needed’. However, Interviewee 1 described that should this happen, IPMs would “renegotiate the budget with management”. This approach was ratified as the survey results claimed IPMs have a greater flexibility in gaining additional resources, as 53% of IPMs were able to increase the budget ‘often’ (Chart 9), thus deploying a ‘Reactive’ strategy to ‘Cost’ issues.

However, this ‘Reactive’ approach is not available to EPMs, as Interviewee 4 claimed “formal stipulations such as contracts need to be adhered to or they are faced with penalties”; thus explaining why the survey results concurred with this understanding as 75% of EPMs could ‘only occasionally’ gain an increase in budget.

Furthermore this difference can be explained from previous findings, when an IP was found to be ‘investment based’, whereas EPs are delivered to ‘generate profit’. Interviewee 3 stated “when an EP goes over budget, the organisation reduces their profit margin”, thus adding more pressure from management towards the EPM to keep the project on track of original plans.
5.5.3 Dealing with Time

The survey results found that unlike EPMs, ‘Time’ presented a major issue for IPMs. Turner (2009) claimed ‘Time issues’ can derive when ‘resources are reduced, changes in personal, shift in priorities and high task dependency’. Interviewee 1 stated IPMs would use senior managers to “influence the teams involved and ask them to shift resources”, whilst Interviewee 2 would ‘renegotiate’ the deadline with management. The survey results found 53% of IPMs answered getting an extension was ‘often available’ to them. However, this again is not as freely available for EPMs due to contract stipulations (Rad, 2003), thus explaining why 100% of EPMs surveyed claimed they can ‘only occasionally’ increase their budget (Chart 10) and therefore rely on ‘rigid plans’ to be adhered to.

Chart 10: What is the likelihood of being able to extend a deadline during the project life-cycle?

5.5.4 Dealing with Quality

The survey results found ‘Quality’ does not appear to be an issue for EPMs (Chart 8), whereas it is a moderate problem for IPMs (Chart 7). Levine (2005) implied quality issues can derive when a product or service does not reach the required standard from a project. Interviewee 3 explained “EPMs must follow pre-defined QA processes and ensure this is being checked regularly throughout the project”; whilst Interviewee 1 and 2 claimed ‘time, cost and quality are all interlinked’ and again stated IPMs ‘seek support from senior leaders’ to overcome issues during the project lifecycle.

5.5.5 Dealing with Stakeholders

The survey results indicate ‘Stakeholders’ to be a major issue for EPMs in comparison to IPMs. Interviewee 3 explained, ‘EPMs have to deal with both Internal and External Stakeholders, whereas IPMs only deal with Internal Stakeholder groups’. Robert (2003) claimed Stakeholder issues can arise when their ‘power and interest’ increases, as well as political differences within the firm.

However, besides the difference in the level of stakeholders, interview responses show that both IPMs and EPMs manage their stakeholders in a ‘proactive’ manner by analysing each group first, and then conducting regular communication between the stakeholders. Although, Interviewee 3 explained more issues derive from EPMs, as “extremely there might be conflicts on the direction required and political differences, whereas internally, generally members are working towards the same common goals”.

5.5.6 Unidentified Issues

The survey results found neither IPMs nor EPMs were impacted by ‘experience’ and ‘cultural’ issues (Chart 8 and Chart 7). ‘EPMs’ have greater experience in years than IPMs (Table 4), although none of the PMs expressed this being an issue as previously suggested by Van Stratum (2006). Furthermore, the PMs disregarded Hofestede’s (2006) acknowledgement to cultural issues. This is a surprising result considering EPMs deliver projects to other firms which according to Tidd and Bessant (2009) will have different ‘routines, climates and working cultures’.

However, these unidentified issues (Culture and Experience) can be acknowledged as implicit and subjective, whereas ‘Cost, Time, Quality and Stakeholder Management’ is more an explicit and objective observation, thus making it an easier task to be acknowledged by both PM types.

5.6 Step 4 Analysis: Success Rate between an IPM and EPM (Objective 4)

The survey results indicate ‘Time’, ‘Cost’, ‘Quality’ and ‘Stakeholders’ are key issues for both PM types. However, the survey results found that IPMs are better at dealing with ‘stakeholders’ and ‘quality’ issues compared to EPMs and vice versa for ‘cost’ and ‘time’. This indicates that IPMs are better at managing internal stakeholders and ensuring quality throughout the project, whereas EPMs are better at managing external stakeholders and keeping costs within budget.
The survey results found IPMs have a higher success rate than EPMs (Chart 11). This was previously anticipated by the project due to the predicted differences between the PM types. However, Van Stratum’s (2006) understanding was again not endorsed as the results were reversed from his findings, as ‘informal networks’ and ‘open communication’ are found to have a greater significance on ‘Project Success’ as opposed to ‘PM experience’ as he suggested.

The 4 interviewees further ratified the survey results and their comments are highlighted in Table 4. The explanations imply that the main reason for IPMs’ higher success rate is due to the ‘internal networks’ available in IPs. Furthermore Interviewee 3 claimed IPMs have “access to familiar colleagues, whereas EPMs need to gain new relationships throughout the project lifecycle”, thus stunting communication.

Moreover Interviewee 2 suggested these ‘informal’ relationships enable IPMs to use this to their advantage, as IPMs can use ‘cordial’ connections to gain support and distribute information which can speed up the project delivery time. This is a similar notion to Tidd and Beasant (2009), as they explained ‘networking’ can provide successful innovation management as communication barriers are abolished.

Furthermore, as Interviewee 1 explained, IPMs also have “senior management to help push the project, as employees have to listen to their superiors”. However, Interviewee 3 stated this is not the case for EPMs, as they deal primarily with ‘members from other organisations’, thus not having the same support level as IPMs. According to Interviewee 4, limited support impacts the level of success for EPMs, as “instructions to external members may take a longer time” to be completed. This is again is a similar concept on how Tidd and Beasant (2009) explained support can impact innovation.

However the interview responses and survey results can also be observed as only perceived ‘Project Success’ by IPMs. As they deal primarily with ‘members from other organisations’, thus not having the same support level as IPMs. According to Interviewee 4, limited support impacts the level of success for EPMs, as “instructions to external members may take a longer time” to be completed. This is again is a similar concept on how Tidd and Beasant (2009) explained support can impact innovation.

The survey results found IPMs have a higher success rate than EPMs (Chart 11). This was previously anticipated by the project due to the predicted differences between the PM types. However, Van Stratum’s (2006) understanding was again not endorsed as the results were reversed from his findings, as ‘informal networks’ and ‘open communication’ are found to have a greater significance on ‘Project Success’ as opposed to ‘PM experience’ as he suggested.

Chart 11: Project Success rates between an EPM and IPM (Q11)

<table>
<thead>
<tr>
<th>0 - 60%</th>
<th>61 - 80%</th>
<th>80 - 99%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPM</td>
<td>10</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>IPM</td>
<td>0</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4: WHY DO YOU THINK RESULTS HAVE SHOWN THAT IPMS HAVE A BETTER SUCCESS RATE?

<table>
<thead>
<tr>
<th>Interview 1 (Firm A)</th>
<th>Interview 2 (Firm B)</th>
<th>Interview 3 (Firm C)</th>
<th>Interview 4 (Firm C)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Collaborative Culture in an IP:</strong> IPMs have better networks in comparison to EPMs.</td>
<td>IPMs have cordial and informal relationships: Easier to satisfy the customer and to get extensions.</td>
<td>Greater flexibility for IPMs to enable plans to be amended, despite EPMs having a more iterative review process.</td>
<td>IPMs can gain access to additional backing when needed. EPMs have limited support.</td>
</tr>
</tbody>
</table>

Source: Produced from Interview Responses
perceive this as failure because original plans have been compromised.

5.7 Final Analysis: Interchanging an IPM and EPM role (Objective 5)

After analysing the 4 previous objectives, it is now possible to address the 5th and final objective. Figure 12 presents the results from the previous sections and it clearly indicates a difference between the two PM types. The model is divided into the four steps from ‘The Framework’ whilst also classifying the difference between an IPM and EPM.

![Figure 12 - ‘The Framework Outcome’ (combining Survey and Interview results)](source: Authors’ own elaboration)

Although the results in the above figure show contrasting outcomes, such as the skillset (Step 2), Issue Management Styles (Step 3) and Success Rate (Step 4); the interview responses suggest the two PMs types can interchange roles, but only on the condition that the PM develops to adapt to the nature of the project. Table 5 below presents the interview results.

<table>
<thead>
<tr>
<th>Table 5: DO YOU FEEL IPMS AND EPMS ARE INTERCHANGEABLE?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview 1 (Firm A)</td>
</tr>
<tr>
<td>Yes, but only after skillset adjustment</td>
</tr>
</tbody>
</table>

The main observation found an EPM can switch to an IPM with minimal problems, whereas greater adaption is required from an IPM to EPM. The interviewees suggested an IPM must nature their ‘Human, Technical, and Conceptual Skills’, although Katz (1974) claimed Human Skills can only be ‘naturally and unconsciously developed’. However this skill will enable the IPM to handle the role of an EPM, as survey results found EPMs manage with larger project team and budget (Table 4).

Moreover, 58% of EPMs were involved in only one project on a daily basis, whereas 84% of IPMs were involved in more than one project (Chart 12). This can suggest IPMs are usually dedicated to a portfolio of projects of lower complexity; whereas EPMs are dedicated to a smaller frequency of projects with higher complexity; thus it can make it a difficult
transition for IPMs to adapt to. Furthermore survey results also found 75% of EPMs have more than seven members to manage within the project, whereas 69% of IPMs have less than six members to manage (Table 3). Therefore, for the IPM and EPM to be interchangeable, the PM will need to adapt to the different project type characteristics and management approaches.

5.7.1 Developing from an IPM to EPM

The interview responses found another key finding which was unexpected and overlooked within the literature. Interviewee 3 explained formerly being an IPM however has now “developed into delivering EPs”. However the notion ‘developed’ suggests the PM has grown into an EPM, thus implying that an EPM can be considered as a superior role to an IPM, i.e. career progression.

Furthermore, Interviewee 1 also ratified this novel finding, as he explained ambition to “switch roles in the future”. He also added, “gaining experience to increased risk would develop him into a better, more adaptable and resilient PM, which will also become more employable in a variety of different situations”.

Interviewee 2 stated “being an EPM is an interesting challenge for personal development and would like to give it a go in the future”. However, neither EPM from Firm C expressed a desire to switch to an IPM in the future, thus adding to the argument that the EPM role is foreseen superior to an IPM. Therefore, this finding uncovers a new dimension as the research project did not expect to find this result (Figure 13).

6 CONCLUSION

This research project has found novel differences between an IPM and EPM, which has been derived from the use of ‘The Framework’.

Figure 10 has combined the ‘The Framework’ (Part A), ‘The Results’ (Part B), and an additional ‘Future Project Analysis Tool’ (Part C) into one comprehensive model. This model will conclude the research findings and presents an opportunity to understand the difference between an IPM and EPM.
6.1 Conclusion - Part A: The Framework

‘The Framework’ was compiled with the aim to make a significant contribution to the Project Management’s Literature. The model has provided a solid foundation which has enabled the Research Question and Objectives to be systematically investigated. ‘The Framework’ has now been applied in this research project and it has proved to be useful as each ‘Step’ has supplied the background needed to produce novel results. Overall, clear distinctions have been made between an IPM and EPM; and two key unexpected findings have been found during this investigation.

6.2 Conclusion - Part B: The Results (Key Findings)

With the use of ‘The Framework’, the results have addressed the Research Question and Objectives in Figure 1. Furthermore, two unexpected key findings were found, (1) Reactive vs. Proactive Management, and, (2) The development from an IPM to EPM.

6.2.1 Research Question: What is the difference between an IPM and EPM?

Analysis has confirmed an explicit difference between an IPM and EPM, which suggests both types of PMs should not be considered within the same light. Previous research has completely overlooked this topic and the key differences are presented in Figure 10.
6.2.2 Objective 1: To Understand the Difference between an IP and EP

The project has highlighted two explicit Projects and PM types, either Internal or External, which has previously been overlooked. Rad (2003) coined the difference between an IP and EP, and the survey results and interview responses found a consistent interpretation amongst the PMs under investigation. However Rad (2003) failed to transfer the difference between an IPM and EPM, whilst Shenhar and Dvir (2007), and Paton and McCalman (2008) overlooked an IP or EP when classifying a project. Therefore, this research project has potentially filled this gap by adding a new dimension to the project analysis stage (Figure 3).

The paper recommends that organisations should consider the project type (IP or EP) before further analysis is undertaken. This will then allow the organisation to focus on the resources they have at their disposal.

6.2.3 Objective 2: To Determine the Characteristics between an IPM and EPM

The work of Katz (1974) and El-Sabaa (2001) supported the research project to find a novel difference between the two groups PMs. The survey results found overall EPMs scored higher than IPMs in Human, Conceptual and Technical Skills, thus implying EPM have superior skills. The greatest difference was found in the ‘Human Skills’ possessed between an IPM and EPM; as outcomes found EPMs have a better understanding of what others really mean by their words and behaviour.

6.2.4 Objective 3: To Understand the Differences in the Key Issues between an IPM and EPM

Although similar issues were presented by IPMs and EPMs; each issue has a different intensity and frequency. Moreover survey results and interview responses found both PM types have adopted a different strategy to overcome issues; however this research project was not expecting to uncover this key finding.

According to the analysis, IPMs adopt a ‘reactive’ strategy by seeking extensions or additional resources, whereas the EPM executes a more ‘proactive’ approach, relying on their planning skills as alterations are subjected to contract violations.
6.2.5 Objective 4: To determine whether there is a Difference in Success Rate between an IPM and EPM

The IPMs and EPMs were found to have different success rates. The IPM has a high success rate which according to Interviewee’s Responses is because of the ‘informal communication channels’, ‘internal networks’ and the ability to ‘adjust original plans’. EPMs have a ‘Moderate Success’ rate as they do not have the same opportunities available to IPMs due to contract stipulations.

6.2.6 Objective 5: To determine whether an IPM and EPM can interchange roles

The interview responses suggested that the IPM and EPM role is interchangeable, but only after a transition in skills takes place (Figure 9). Although, this result is going against the work of Katz (1974), as he suggested Human Skills cannot be developed. However, evidence presented that this development can take place as Interviewee 3 went through this transitional process (Figure 9).

Finally, interview responses found a second key finding, as the PMs expressed that an EPM’s role is superior to an IPM and the shift in roles from an IPM to EPM can be foreseen as career development. Therefore, considering the work is overlooked, this can have a significant impact on the future recruitment and pay structures for IPMs and EPMs.

6.3 Conclusion - Part C: Future Project Analysis Tool

In conjunction with Aim 2, the research project has now developed of a provisional systematic tool that can help organisations plan for future projects (Figure 10, Part C). Considering the outcomes, firms should now consider the type of project (either Internal or External) before they select the PM; this is because the literature implies analysing a project is a complex task (Sauser, Reilly and Shenhar, 2009). Although defining a project as either Internal or External is not such a difficult assignment, thus simplifying the project evaluation process.

[Diagram: Figure 10 - (Part C) - The Comprehensive Framework]

This selection process is divided into four parts, therefore, once the project type has been selected (Part 1), the organisation can only then choose the most appropriate PM (Part 2), who will either be an IPM or EPM. This will prevent the wrong type of PM being considered thus saving time and resources for the organisation.

The organisation can assess the management strategy when dealing with potential issues (Part 3) and then use resources to overcome these appropriately. The research has suggested a different intensity of issues is derived from a particular project; therefore this can help reduce possible uncertainty during the project.

Finally, once the issues have been addressed, Part 4 is to help determine the potential success rate for the project type. This can be used to support an organisation to assess and plan for other projects within the pipeline. Furthermore this stage can potentially help to improve the project success rate by understanding previous issues as outlined by results; with the aim to decrease wastage and increase the reputation for the organisation and PM.

6.4 Suggestions for Future Research

The project has found novel results which has now shed a new light on the distinction between an IPM and EPM. However, this research is exploratory in nature which prevents the statistical validity and a wider generalisation of the results. Therefore, should this be undertaken again, the most appropriate ‘Time Horizon’ method would be ‘Longitudinal’ as opposed to ‘Cross-sectional’ as it provides a more detailed approach, thus supplying greater substance to the results.

Besides the modification to the Research Methodology, suggestions for future research are presented below.

1) An unexpected finding was the transformation from an IPM to EPM. The interview results viewed this as a form of career development. Therefore,
two interesting endeavours for further research has been suggested.

- An in-depth study on the transformation of an IPM to EPM should be undertaken. This presents interesting research as it can test whether skills are developed or whether they are just latent.

- Considering a distinction has been found between an IPM and EPM, it will be interesting to investigate the wage structure and the recruitment process between the two types of PMs.

2) The systematic analysis tool should be tested as this was out the scope for this project.

- The provisional tool has just merely been created from the investigation results and limited literature, therefore further development with empirical study amongst practitioners will test the validity of the tool.

REFERENCES


The Differences between an Internal and External Project Manager


