

# What Earns You More? Internal or Customer Projects?

Oliver F. Lehmann<sup>1</sup>

*"I'd like to live as a poor man with lots of money."  
– Pablo Picasso*



## Summary

In 2018, a survey showed that in high-paying countries, project managers in customer projects are, on average, better paid than their colleagues in internal projects. In low-paying countries, project managers in internal projects were better paid.

This new study, 4 years and a global pandemic later, was performed to find out if this observation is still true.

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<sup>1</sup> Information about the author [at the end of the article](#).

## Two Types of Projects

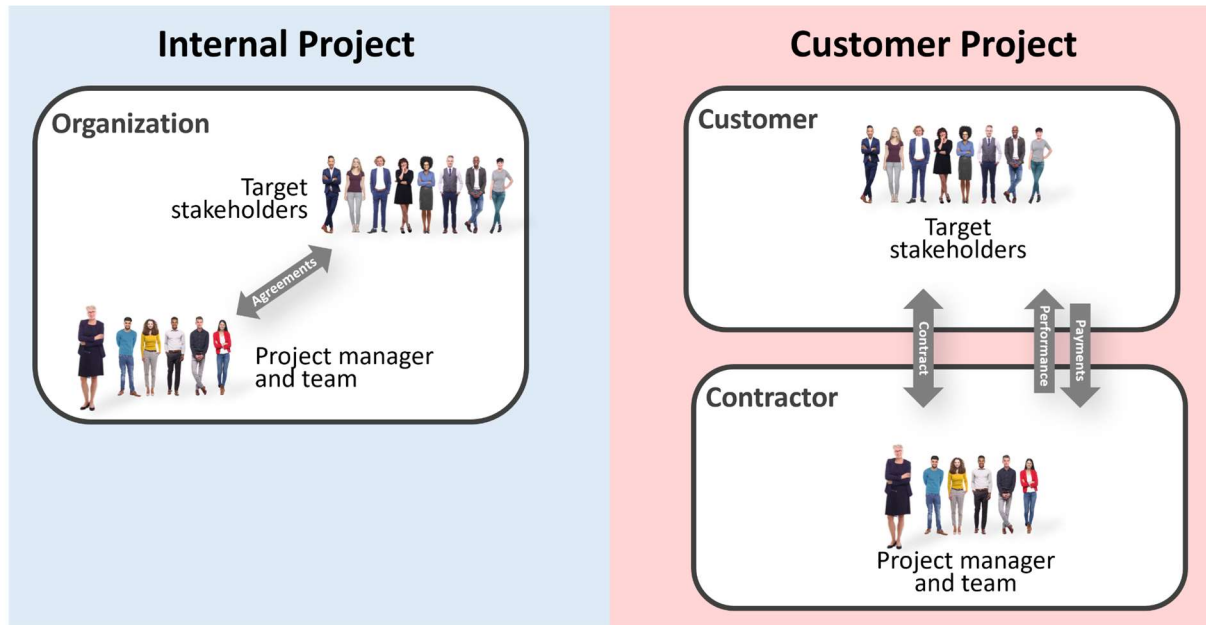


Figure 1: Project managers in internal projects vs. customer projects

### Internal Projects

The project is embedded inside the organization to bring about deliverables that the organization wants or needs. Project team and target stakeholders are inside the same entity.

Typically, Project managers in internal projects have the responsibility to manage cost centers.

### Customer Projects

Project managers in customer projects have the responsibility to manage profit centers for contractors as part of cross-corporate project business. They are hired on contractor-side to:

- Make the customer happy
- Make the project profitable
- Protect the contractor's liquidity

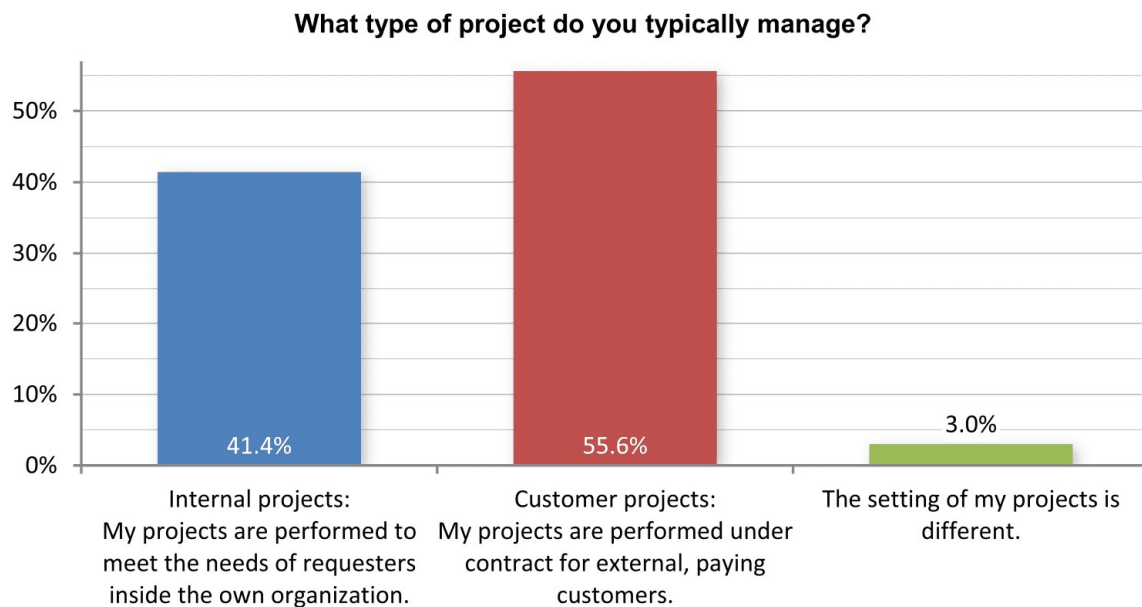
## The Survey: Which Project Managers Earn More?

### Respondents

The survey was performed in July and August 2022. It collected 536 responses during that time.

In the first question, respondents were asked what kind of projects they typically manage. They answered:

- Internal projects: **222** (= 41.4%)
- Customer projects: **298** (= 55.6%)
- Other settings: **16** (= 3.0%)



*Figure 2: Responses by project managers in internal projects and customer projects*

## Global Results

16 respondents answered: "The setting of my project is different". As the focus of this study lies on the two main types of projects, they were not further analyzed here.

6 respondents had answered that they have zero income from their projects. These respondents are in volunteer projects on a pro-bono basis or have other unpaid assignments. For this study on project managers' income, they were also not further analyzed.

This left 514 responses for analysis. The results:

- Internal projects: **217** (42.2%)
- Customer projects: **297** (57.8%)

The responses on a global scale did not show a significant difference. The average income number was higher for project managers in customer projects. However, the median number gave a small advantage to internal projects.

	Global	
	Internal project	Customer project
Responses	217	297
Average	100,662	107,726
Median	100,000	95,000

*Figure 3: The global results*

## Regional Results

Digging deeper confirmed the pattern that was familiar from the 2018 survey.

Participants were asked from which world region they come. This allowed drilling down the income comparison.

In high-paying regions like North America and the EU, project managers in customer projects reported higher payments. In medium and low-paying regions, project managers in customer projects reported lower average income numbers than their colleagues in customer projects.

	USA, Canada		Europe		Africa		Asia		Latin America		Middle East	
	Replies	Average	Replies	Average	Replies	Average	Replies	Average	Replies	Average	Replies	Average
Customer Projects	107	148,284	86	113,470	17	61,200	46	55,628	16	45,625	19	75,184
Internal Projects	109	131,542	44	92,287	12	66,717	27	63,743	14	55,060	7	109,243

*Figure 4: Responses by region*

## Discussion

The numbers in Figure 4 confirm the findings from the 2018 survey<sup>2</sup>, reflecting different expectations in world regions, when companies decide to procure project work:

### FOR HIGHER-PAYING REGIONS:

The dominant driving force for the buyer seems to be tapping into contractors' assets, such as:

- Skills and competencies
- Free capacity
- Tangible assets, such as equipment
- Management attention

In order to make these resources available, customers have to pay a price high enough that it will make it worthwhile for the seller to become the contractor.

In such a situation, the Buy option is chosen mostly to get things done by thoroughly competent contractors. The higher salaries that these contractors pay reflect their expectations of future profits from the projects.

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<sup>2</sup> (Lehmann, 2018)

### FOR LOWER-PAYING REGIONS:

In the regions where project managers in customer projects earn less than internal project managers, a much stronger consideration seems to be the objective to get project work done cheaply. Here, the contractor must be cheaper than the customer's internal resources. The price pressure from the customer will then translate into lower earnings for the contractor's staff, accepting that people will possibly work on the project with lower qualifications and motivation.

In such a situation, the Buy option is chosen predominantly to get things done by cheap contractors. The lower salaries paid by these companies rather reflect their actual poor profitability and possibly also their poor liquidity.



*Figure 5: High-price vs. low-price contractors*

## More Data

### Home Regions

As shown in Figure 6, the largest group of survey respondents came from the USA and Canada. The smallest group was from Australia and New Zealand.

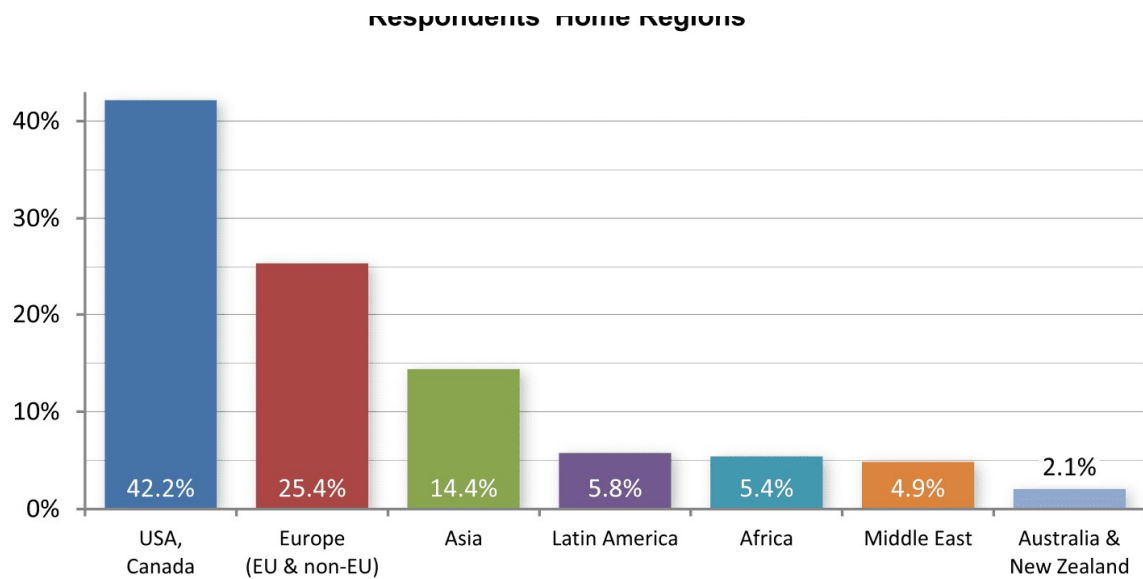


Figure 6: Respondents' home regions

## Project Size

The majority of respondents was involved with projects between 11 and 100 people.

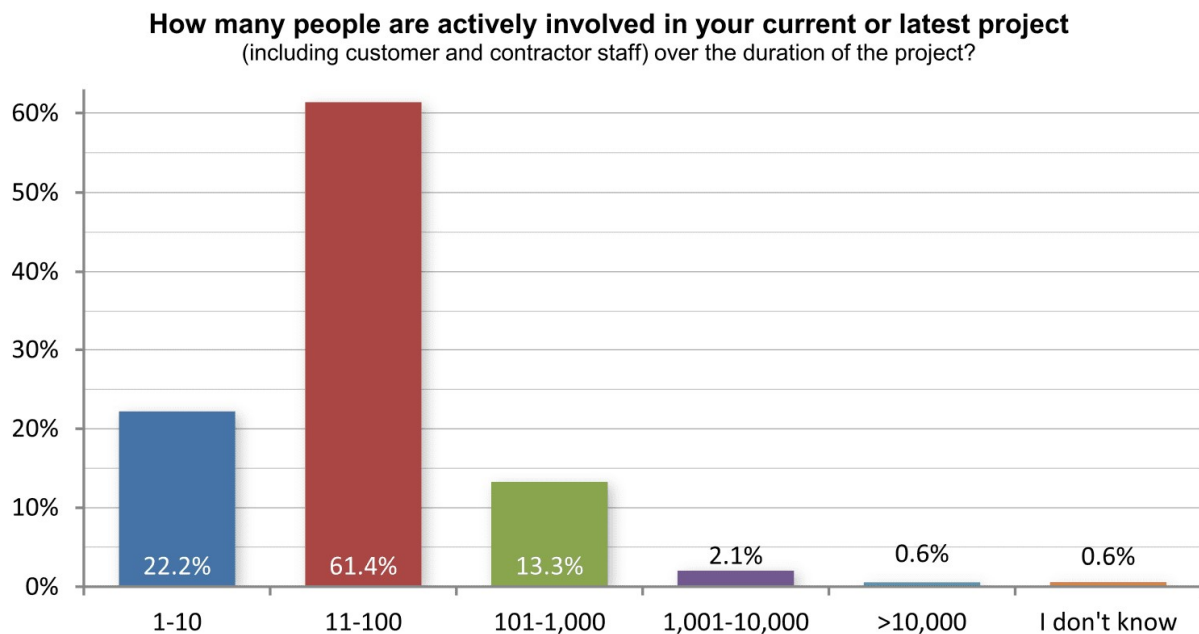


Figure 7: Distribution of respondents' project sizes

## Conclusions

On a global level, the average income of project managers in customer projects was insignificantly higher than that of their colleagues from internal projects. Comparing the median values of the two groups instead, internal projects had the slightly better pay, as shown in Figure 3.

The data above refer to gross salaries, i.e. the money paid by the employer. Participants were members of the social networks LinkedIn and Facebook, who communicated in their profiles and in group memberships that they worked as project managers.

## References

Lehmann, O.F. (2018) 'The Great Talent Gap in Customer-Facing Project', *PM World Journal*, June [Online]. Available from: <https://pmworldlibrary.net/wp-content/uploads/2018/06/pmwj71-Jun2018-Lehmann-The-Great-Talent-Gap-series-article22.pdf> (Accessed: 29 September 2022).

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- Oliver F. Lehmann
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## About the Author

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**Oliver F. Lehmann**, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the owner of the website [Project Business Foundation](http://ProjectBusinessFoundation.net), a non-profit initiative for professionals and organizations involved in cross-corporate project business.



He studied Linguistics, Literature, and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree (with Merit). Oliver has trained thousands of project managers in Europe, the USA, and Asia in methodological project management, focusing on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998 and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch," analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at [oliver@oliverlehmann.com](mailto:oliver@oliverlehmann.com).

Oliver Lehmann is the author of the books:

- "[Situational Project Management: The Dynamics of Success and Failure](#)" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016
- "[Project Business Management](#)" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

- <https://pmworldlibrary.net/authors/oliver-f-lehmann/>