

# 2012 Economic Census – Interview Protocol for Contract Manufacturing Services

## Introduction:

- People around the table:
  - o How long at company, position/title and responsibilities
  - o Census observers
- Survey purpose: To provide data for the economic census. Census is interested in determining how ‘supply chain’ management is impacting the economic statistics and the way we collect them from establishments like yours.
- Meeting purpose:
  - o To understand the process used to answer questions,
  - o To get feedback on current form – not a test of you but the form, getting information about interpretations, impressions, and opinions.
  - o No right or wrong answers. All feedback is useful.
- Meeting structure: General and specific questions about your company and the form itself. Some questions may seem odd because we’re meeting with various companies that have different organizational structures and ways of keeping records.
- Permission to audio record? Have respondent sign consent form.

## General Probes:

- In your own words, what was that question asking?
- You answered, “...” because...?
- I want to make sure I understand, can you explain that again?
- Can you tell me how you arrived at that answer?
  - o What did you include? What did you exclude?
  - o What records and/or databases did you use?
- Reflect back on R’s answer and ask R to correct (“I want to make sure I have it right. I think you said, “...?”)

## Before the Questionnaire:

- Census is interested in determining how globalization and ‘supply chain’ management may be impacting economic statistics and the way we collect them from establishments like yours.
- Please tell me a little about this company and/your establishment.
  - o What sorts of activities is it involved in?

- o How would you describe your firm's type of operation (merchant wholesaler, manufacturer, manufacturer sales office, broker, other)?
- What is your role in this company? Have you filled out government forms in the past? Which ones?
- Generally speaking, how do government forms get completed?
- Does your firm use the term 'supply chain' in managing its operations?
- What is your understanding of how your company manages its supply chain? If the respondent's (establishment?) represents a sub-unit: How do the activities at your establishment fit into your company's 'supply chain' management system?
- Does your establishment participate in 'supply chain' management primarily as a buyer or as a seller of goods and services? Both? Does your establishment interact with multiple systems or are they integrated?

Review a copy of the questionnaire. We'll go through some of the initial questions page by page. Please fill it out as if we weren't here, to the extent possible. We are only interested in certain items on the form. I will ask you some additional questions as you finish these items of interest.

**Page 1:**

- What is your initial impression upon seeing the form?
- What do you notice?
- What information do you need prior to beginning the survey?

**Item 1 (Employer Identification Number):**

- Would you know your establishment's EIN? If not, where would you need to go in order to get this information?
- Are you familiar with IRS Form 941?

**Item 2 (Physical Location)**

- What was this question asking?
- Were you reporting for the headquarters or for this location of your company?

**Item 5 (Sales, Shipments, Receipts, or Revenue)**

- In your own words, what was this question asking?
- How did you go about reporting the information for this item?
- What is included in this figure? Excluded?
- Do you have this figure readily available in your books, or would you have to calculate this figure? (*if calculated*) what figures would you have to use?
- How are sales orders received and recorded for this establishment?

- How do your employees interact with customers and suppliers? Do they share access to each others' systems? Do the systems interact?
- How are the sales orders translated into purchasing, manufacturing and fulfillment?
- What 'characteristics' of these transactions do you track at an aggregate level (e.g. customers, vendors, products, classes of products, etc.)?

### **Item 6 (E-Commerce Sales, Shipments, Receipts, or Revenue)**

- What does the term 'E-Commerce' mean to you?
- How does 'E-Commerce' relate to your company's/this establishment's overall operations? Would you consider your supply chain to be E-Commerce? Are 'sales', purchasing, production, shipping and distribution integrated? If so, how? Are some activities managed through other systems and procedures?
- Do you track e-commerce transactions separately from other transactions?
- (If not) How would you go about providing a percentage of sales that are from e-commerce?
- Is it important to you to track this information for your own purposes?
- What types of e-commerce activities do you participate in?
- Would it be possible for you to provide actual figures versus percentages? Why or why not?

### **Item 16.A (Selected Expenses- Production and related Costs)**

- A.1-5: What do the term... mean to you?
  1. 'Cost of materials, parts, containers..., ' etc.?
  2. 'Cost of products bought and sold without further processing?'
  5. 'Cost of work done for you by others on your materials?'
- Does your company/establishment incur these costs?
- Does you company/establishment inventory these items?
- Would you be able to distinguish and (provide) separate numbers for these items?
- Any suggestions for instructions or wording?

### **Item 26 (Special Questions):**

#### **NEW Item-Special Questions Regarding Purchasing of Contract Manufacturing Services**

**#L PURCHASE OF CONTRACT MANUFACTURING**

1. Did this establishment **purchase** contract manufacturing services from other companies or foreign plants of your company in 2012?

**Include:**

- Products for which the manufacturing (i.e., transforming or otherwise processing materials or components based on specifications provided by your company) was outsourced to other companies.
- Products for which the manufacturing was performed by your company's foreign plants.

**Exclude:**

- Services for packaging and assembling.
- Purchases of merchandise for resale (sale of products bought and sold without further processing or transformation).

Yes - Go to line 2

- What did you think this question was asking?
- How did you come up with your answer? **Yes/No??**
- What does the term 'contract manufacturing' mean to you?
- Does your establishment purchase contract manufacturing services/goods for other establishments within you company?
- Are most of the goods procured through contract manufacturing intermediate or final goods?  
Are most of the goods procured through contract manufacturing from related or third parties?
- For MANUFACTURERS: How would you compare it to question 16.A? Is this the same as any of those? If not, how is it different from:
  - 2. Cost of products bought or sold without further processing?
  - 5. Cost of work done for you by others on your materials?For WHOLESALE TRADES: How would you compare it to question 16.B?
- If the 'Excluded' items for packaging and assembling were omitted would that have changed your response?

For the value reported on line B, were any of these goods ordered over an Internet, Extranet, Electronic Data Interchange (EDI) network, electronic mail, or other online system?

- How are the delivery and distribution of the goods purchased handled?
- Does the contract manufacturer handle the shipments? Are shipments made to you or your distribution sites or final customers?
- How did you formulate your response to this question?

**IF 'YES' and Looking at Item 2**

- 2. Report the costs incurred by this establishment for contract manufacturing purchased in 2012 . . . . .
- 3. Report the value of sales, shipments, receipts, or revenue generated in 2012 from products whose purchases were reported as contract manufacturing costs in line 2 . . . . .

- How do you interpret this Item?
- How did you arrive at your answer?

- What information sources would you use to formulate a response to Item 2?
- How would the value of this response compare to total cost of sales or additions to inventory for this establishment in 2012 (% of total costs)?
- If contract manufacturing services are purchased or procured by your establishment for other establishments how are those costs recorded (on this establishments books or the unit receiving the goods)?

**IF 'YES' and Looking at Item 3,**

- In your own words, what is this question asking you?
- How did you arrive at your answer?  
What information sources would you use to formulate a response to Item 3?
- How would the amount reported this response compare to total sales reported in Item 5?

## NEW Item-Special Inquiries Regarding Sales of Contract Manufacturing Services

1. Did this establishment **provide** contract manufacturing services to others in 2012 (*regardless of materials ownership*)?

**Include:**

- Products manufactured at this location (i.e., transforming or otherwise processing materials or components based on specifications provided by the contracting company).
- Products manufactured and transferred to other plants of your company.
- Products manufactured and Exported.

**Exclude:**

- Services for packaging and assembling.
- Sales of products purchased and sold without further processing or transformation.

0000  Yes - Go to line 2

- How would you respond to this inquiry? **Yes/No??**
- What does the term 'contract manufacturing services' in this context mean to you?

### If 'YES" above:

- Do you do 'custom manufacturing' for customers? Is this different than contract manufacturing services?
- Do you receive materials to be processed? Purchase the materials on behalf of the customer?
- How do you receive the orders?  
How do you complete the order (package, ship, is it picked-up)? Do you ship to the purchaser or the customer/ designated by the purchaser?
- How are billings organized in the general accounting records (distinguished separately from other services or sales/shipments of manufactured goods)?

### IF 'YES' and Looking at Item 2

2. Report the value of sales, shipments, receipts, or revenue generated in 2012 from contract manufacturing performed at this location for others (***regardless of materials ownership and based on specifications provided by the contracting company***)

- What did you think this question was asking?
- How did you arrive at your answer?
- What would be your estimate of this value to total sales reported in Item 5?  
If the direction in parentheses '(materials ownership)' were deleted would this change your response?
- Do most of your 'contract manufacturing services' involve materials provided by the contractor? Can you distinguish between those that do and do not?  
Are most of your arrangements with related or third parties?
- Do you handle the delivery logistics?

## Item 19 (Kind of Business)

- What was this question asking you?
- How did you go about finding the option that best describes your company?
- Did you have any issues identifying the option in this item that best fits your company? Is the description accurate? Why or why not?
- Did the headings help you to find your answer?
- Is there anything we could do to make this lengthy question easier for you to answer?
- Was it clear to you that you were only supposed to select ONE choice?

## Wrap-up

- Did you provide any figures on this form that were for the entire company rather than for this location? If so, which ones? What would be involved in breaking down that figure to provide information for just this location?
- How much time would it take you to complete this report (actual time, not elapsed time)?
- Overall, how easy or difficult was it to complete this form?
- Ease/ Difficulty: Which questions were easiest/ hardest to answer? Why?
- Perceived importance: Are there some questions that seem more important to answer than others? Which ones?
- Instruction booklet: Would you use the instruction booklet when you are actually completing the survey? Why did/ didn't you use the instruction booklet? What features of the booklet do you like/ dislike?
- Electronic reporting via Web:
  - o If you had the ability to report via paper, like you've seen here, or via the Web, what would you prefer? How come?
- Likely Respondent:
  - o Who would be the appropriate person in the company to provide the information the survey requests? Would that be you?
  - o (for multi-unit locations) Would you typically be the person to complete this form, or would it be completed at your company's headquarters?
  - o What do you usually do when a form asks for data you don't have direct access to, but you know exists within the company? (Do you usually try to find out where that data is and obtain it yourself? Would you end the form to that person? Would you give it to your boss? Would you do something else?)
  - o Once the form has been completed, what happens? (Review process? How does that work – who reviews, who signs off, who "approves" returning it?)

Thank you.