In reviewing the information we gained from the meetings in which you and other business leaders participated, most people we spoke to described "innovative products and processes" as products or processes that are new to the marketplace or industry.

Q.1: Therefore, for a product or process that is <u>new</u> to the market or in your industry Is its newness sufficient for you to consider it to be an innovation?

IF THEY ANSWER "YES" TO Q1 ASK Q.1a.

IF THEY ANSWER "NO" TO Q1 ASK Q.1b.

Q.1a If a product or process is new <u>only</u> to your company, but not necessarily to your market or industry, is that sufficient for you to consider it an innovation? Q.1b If being new to the market or industry is <u>not</u> sufficient to be considered an innovation, what other qualities would be necessary for you to consider it an innovation?

In our meetings, many people made distinctions between what is innovation and what are improvements, but the distinctions are not clear. While the concept of "innovation" was readily contrasted with the concept of "improvement," generally it was not so clear from the interviews how significant an improvement must be to be considered an innovation.

Q.2 For a product or process that is characterized as "<u>significantly improved</u>" – Is this sufficient for you to consider it an innovation?

IF THEY ANSWER "YES" TO Q2 ASK Q2a-2d

Q.2a If a product or process is significantly improved by your company, but already exists in your market or in your industry, is that sufficient for you to consider it an innovation?

Q.2b How significant must an improvement in existing products and processes be in order for it to be considered an innovation?

Q.2c How would you describe the distinction between a significant improvement that reaches the level of innovation, and an improvement that is not innovative? (That is,) where is the threshold between incremental improvement and innovation?

Q. 2d Can you provide any examples of improvements that <u>are and are not</u> innovative, to illustrate the difference?

IF THEY ANSWER "NO" TO Q3 ASK Q3e

Q.2e What kind of improvement, if any, would you consider necessary to qualify as an innovation?

Q.3: (READ ONLY IF NECESSARY, only if the "new"/"significantly improved" language doesn't work for the respondent.) What alternative concept or wording would you suggest for identifying innovation?

Q.4 Finally, how confident are you that others in your company would agree on whether a product or process change represented either an "innovation" or something less than an innovation?

Thank you