

2016 Business R&D and Innovation Survey Cognitive Testing Protocol – Draft 2-25-2016

Note – This protocol is a guide. The questions presented here will not necessarily be asked exactly as worded in the protocol or in this order. It also is important to note that not all questions will be asked in every interview.

Materials

- Copies of draft questions and definition
- Copy of FASB ASC Topic
- Copies of 2015 BRDIS form
- Company's prior responses to items, if available

Procedures

- Introduction, permission to record, and respondent background.
- Present revised questions and ask specific probes for each.
- Go through questions first, then “What is Research and Experimental Development (R&D)?” on back of page.
- Refer to prior responses to items (if available) and to 2015 BRDIS form to refresh respondent's memory as needed.

Introduction

- Introduce observer(s).
- Let me start by telling you a little about what we will be doing today. We are in the process of updating the questions on the Business R&D and Innovation Survey. Our goal is to find out how the changes might affect the way companies report.
- In a moment I will give you a copy of the revised questions and we can go through them together.

Permission to audio tape discussion? Have R sign consent form

- Before we get started I'd like to record this interview so I don't have to rely on my memory later. This session is confidential. Only persons connected with this project will have access to your recording. If that is all right with you, please sign this consent form. It also tells you about the confidentiality of this session.

Respondent Background

- What is your role in the company? What are some of your responsibilities?
- How long have you worked in your current position?
- Have you completed other government surveys?
 - If so, which ones?
- How many times have you completed the R&D survey?
- Can you briefly describe the process you went through in completing the survey?

Question 1

- *(If R asks for more information about the survey definition of R&D, provide “What is Research and Experimental Development?”)*

- How did you answer question 1 the last time you completed the survey?
- What did you specifically include in your answer?
- What did you specifically exclude in your answer?
- How does your business track research and development expenditures?
- Are research and development expenditures tracked separately from other expenses or are they commingled?
- What criteria, if any, does your business use to categorize R&D in your records?
- Are you familiar with the FASB ASC Topic found on the SEC Form 10-K?
 - *Provide copy of text if needed.*
 - *If yes: Did this affect how you reported this item? If so, how?*
- Did you notice the addition of the word “experimental” to this item?
- What does “experimental development” mean to you?
- Have you ever heard the term “experimental development”?
 - If so, how did you hear it?
 - Is it a term that your company uses? If so, what does it mean in the context of your company?
- Would the addition of “experimental development” affect how you respond to this item? If so, how?

Question 2

- *(If at any time R asks for more information about the survey definition of R&D, provide “What is Research and Experimental Development?”)*
- How did you answer question 2 the last time you completed the survey?
- Do any of these items apply to your company? If so, which ones?
- What does line f mean to you?
- *If line f is applicable: What are some examples from your company that would fit this category?*

Question 3

- (If yes) How would you go about answering this item?
- *If Q2 line f is applicable: How would you identify costs associated with line f in the previous item?*
 - What would you include?
 - What would you exclude, if anything?
 - What types of records would you need to access to identify these costs? What are they called?

Question 4

- Does the amount you reported here match anything in your records?

Question 5

- How would you go about answering this question?
- How would you answer part a?
- How would you answer part b?
- How does your business distinguish between research and development?
- Does your company use any degree of “engineering judgment” to distinguish between research and development?
- Does your company apply the concept of “technical feasibility” to distinguish between research and development?
- Does your company differentiate between types of R&D activities based on:
 - How far ahead the project is likely to yield results?
 - How broad the range of potential field of applications is for the results of the project?
- Does your company distinguish between basic research and applied research? If so, how?
- Would the sum of lines a and b equal question 4? If not, why not?

“What is Research and Experimental Development (R&D)?”

- Do you recall seeing this text when you completed the survey? (*Show page on BRDIS form if necessary*)
 - *If yes:* Did you find this definition helpful or not helpful?
 - Did it affect how you completed the survey? If so, how?
- Please take a moment now to review this text.
- Please tell me in your own words what line c means to you?
- Please tell me in your own words what the first bullet means to you.
- What does the phrase “non-experimental product development” mean to you?
 - Is it a term that your company uses? If so, what does it mean in the context of your company?
 - Can you give any examples of non-experimental product development at your company?
- Please tell me in your own words what the second bullet means to you.
- What does “non-experimental pre-production development” mean to you?
 - Is it a term that your company uses? If so, what does it mean in the context of your company?
 - Can you provide any examples of non-experimental pre-production development at your company?
- Would these definitions affect how you complete the R&D survey? If so, how?
- How well does the survey’s definition of R&D match the way your company defines R&D?
- How well does this definition match the way your accounting structure defines and accounts for R&D?

Wrapping Up:

- Overall, what do you think of these questions that we looked at today?
- Thinking about these questions you looked at today, who is the most appropriate person(s) in your company to answer them?

Thank you for your time today!