

November 21, 2016

NOTE TO THE REVIEWER OF: OMB CLEARANCE 1220-0141
 "Cognitive and Psychological Research"

FROM: Jennifer Edgar
 Office of Survey Methods Research

SUBJECT: Submission of Materials for FGP Pretesting

Please accept the enclosed materials for approval under the OMB clearance package 1220-0141 "Cognitive and Psychological Research." In accordance with our agreement with OMB, we are submitting a brief description of the study.

The total estimated respondent burden for this study is 158 hours.

If there are any questions regarding this project, please contact Jennifer Edgar at 202-691-7528.

I. Introduction

The North American Industry Classification System (NAICS) is used to classify and assign 6-digit industry codes to business establishments in the United States economy. As part of the NAICS 2012 revision, a new classification was created for establishments that outsource transformational activities (the actual physical, chemical or mechanical transformation of inputs into new outputs). These establishments are referred to as “factoryless goods producers” (FGPs). These establishments are thought to currently exist in the industrial sectors of manufacturing, wholesale trade, and the management of companies sector (often called the “headquarters” sector). With this classification change, these FGP establishments would be re-classified into the manufacturing sector.

The Bureau of Labor Statistics has conducted research aimed at identifying and classifying FGP establishments. Results suggest that, within a multi-unit enterprise, FGP activity may not be centrally located at one establishment within an enterprise. Some establishments may handle the research and design of the products while others arrange for the contract manufacturing and still others handle the sale of the final product. Current BLS surveys all use an establishment as the sample unit, no information is collected about the enterprise as a whole. Determining if FGP is an establishment or enterprise level construct is essential for determining if, and how, BLS will implement this classification change.

II. Methodology

Westat, under contract with the BLS, will conduct this two-phase study. In the first phase, 1,000 establishments will be sent a cover letter (Attachment A) and paper questionnaire (Attachment E). They will be given two weeks to complete it, and then sent a non-response follow-up letter (Attachment B) and survey. A second non-response follow-up package will be sent if a response hasn't been received after an additional two weeks. We expect a 50% response rate resulting in 500 completed questionnaires.

Starting one week after completed surveys are received, up to 25 establishments will be contacted for a telephone debriefing. Establishments who are part of a larger enterprise where other units also responded will be the focus. Participants will be recruited by phone (Attachment F). Once recruited, participants will be sent a confirmation by email (Attachment C), which will also include a blank copy of the survey form to refer to during the debriefing interview. The telephone debriefing will be conducted using a semi-structured protocol (Attachment D).

III. Burden Hours

We expect 500 establishments to complete the mail survey, which is estimated to take 15 minutes (125 hours). We expect to contact 50 establishments to recruit for 25 interviews, with the telephone recruitment (Attachment F) to take 10 minutes (8 hours) and to complete 25 interviews, each lasting 60 minutes (25 hours).

Total expected burden for this study is therefore 158 hours.

IV. Payment to Participants

Participants in this study will not receive any form of compensation.

V. Data Confidentiality

The BLS confidentiality pledge will be provided to participants.

The Bureau of Labor Statistics, its employees, agents, and partner statistical agencies, will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. In accordance with the Confidential Information Protection and Statistical Efficiency Act of 2002 (Title 5 of Public Law 107-347) and other applicable Federal laws, your responses will not be disclosed in identifiable form without your informed consent. Per the Cybersecurity Enhancement Act of 2015, Federal information systems are protected from malicious activities through cybersecurity screening of transmitted data. This report is authorized by law 29 U.S.C.2.

Participants interviewed over the phone will be informed of the confidentiality provisions verbally and asked for their verbal consent.

Attachments

1. Attachment A: Cover letter
2. Attachment B: Nonresponse letter
3. Attachment C: Confirmation email
4. Attachment D: Debriefing protocol
5. Attachment E: Mail Survey Form
6. Attachment F: Debriefing recruitment script

Attachment A: Cover letter

Date

Attn: Contact_name (if missing use "Department of Accounting/Finance")

T_name

BM_addr1

BM_addr2

BM_city, BM_state BM_zip-BM_zip_ext

Dear Employer:

The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor is conducting a study to better understand how companies are structured and organized to conduct various business activities. This information will help us improve how companies are classified within the North American Industry Classification System (NAICS).

What are we asking you to do? Please help us by completing and returning the attached form by <<DATE>>. The form should take fewer than fifteen minutes to complete.

Why do we need this information? The information collected by this form will help to classify companies into different business sectors. This information is used in the production of economic statistics for the U.S.

What if I'm not the right person to fill this out? Please bring the form to a senior member of one of these departments at your location:

- Accounting
- Finance
- Human Resources
- Operations
- Sales

If your location does not have any of these departments, please bring the form to the president, CEO, or someone in a similar position.

Why did I get more than one form? You may receive multiple forms for different worksites. Please complete each of the forms. The worksite for each form is listed the first page.

What if I have a question? Please email us at NAICSHelp@bls.gov or call us toll-free at <<NUMBER>>.

Your information will be kept confidential. Please see the back of this letter for the relevant legal assurances.

Please make and keep a copy of your completed form. This will help in case we have any questions about your form.

Thank you for your help.

Sincerely yours,

David Talan
Chief, Division of Administrative Statistics
Office of Employment and Unemployment Statistics

Confidentiality Statement. The Bureau of Labor Statistics, its employees, agents, and partner statistical agencies, will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. In accordance with the Confidential Information Protection and Statistical Efficiency Act of 2002 (Title 5 of Public Law 107-347) and other applicable Federal laws, your responses will not be disclosed in identifiable form without your informed consent. Per the Cybersecurity Enhancement Act of 2015, Federal information systems are protected from malicious activities through cybersecurity screening of transmitted data. This report is authorized by law 29 U.S.C.2.

Paperwork Reduction Act Statement. Your voluntary cooperation is needed to make the results of this survey comprehensive, accurate, and timely. We estimate that completing this form will take an average of 15 minutes. This estimate takes into account time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information. If you have any comments regarding this survey, including suggestions for reducing the burden, send them to the Bureau of Labor Statistics, Office of Industry Employment Statistics, Paperwork Reduction Project, 2 Massachusetts Avenue, N.E., Room 4840, Washington, DC 20212. The OMB control number for this voluntary survey is 1220-0141 and expires on April 30, 2018. Without a currently valid number BLS would not be able to conduct this survey.

Attachment B. Nonresponse Letter

Date

Attn: Contact_name (if missing use "Department of Accounting/Finance")
T_name
BM_addr1
BM_addr2
BM_city, BM_state BM_zip-BM_zip_ext

Dear Employer:

The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor recently asked you to complete a short form about specific locations of your company to help us better understand how companies are organized.

This is a follow-up request asking you to complete a short form about the organization of your business locations and their functions. We will use this information to better describe and classify economic activities within the U.S.

What are we asking you to do? Please help us by completing and returning the attached form by <<DATE>>. The form should take fewer than fifteen minutes to complete.

Why do we need this information? The information collected by this form will help to classify companies into different business sectors. This information is used in the production of economic statistics for the U.S.

What if I'm not the right person to fill this out? Please bring the form to a senior member of one of these departments at your location:

- Accounting
- Finance
- Human Resources
- Operations
- Sales

If your location does not have any of these departments, please bring the form to the president, CEO, or someone in a similar position.

What if I already completed this form and mailed it back? If you've already completed the form, thank you. This letter was probably sent before your completed form was received in the mail. However, different worksites may each receive a separate form. Please ensure that you have completed a form for each worksite selected (not all worksites are selected to help minimize your reporting burden). The worksite for each form is listed on the first page of the questionnaire.

What if I have a question? Please email us at NAICSHelp@bls.gov or call us toll-free at <<NUMBER>>.

Your information will be kept confidential. Please see the back of this letter for the relevant legal assurances. Please make and keep a copy of your completed form. This will help in case we have any questions about your form.

Thank you for your help.

Sincerely yours,

David Talan

Chief, Division of Administrative Statistics
Office of Employment and Unemployment Statistics
Bureau of Labor Statistics
U.S. Department of Labor

Confidentiality Statement. The Bureau of Labor Statistics, its employees, agents, and partner statistical agencies, will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. In accordance with the Confidential Information Protection and Statistical Efficiency Act of 2002 (Title 5 of Public Law 107-347) and other applicable Federal laws, your responses will not be disclosed in identifiable form without your informed consent. Per the Cybersecurity Enhancement Act of 2015, Federal information systems are protected from malicious activities through cybersecurity screening of transmitted data. This report is authorized by law 29 U.S.C.2.

Paperwork Reduction Act Statement. Your voluntary cooperation is needed to make the results of this survey comprehensive, accurate, and timely. We estimate that completing this form will take an average of 15 minutes. This estimate takes into account time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information. If you have any comments regarding this survey, including suggestions for reducing the burden, send them to the Bureau of Labor Statistics, Office of Industry Employment Statistics, Paperwork Reduction Project, 2 Massachusetts Avenue, N.E., Room 4840, Washington, DC 20212. The OMB control number for this voluntary survey is 1220-0141 and expires on April 30, 2018. Without a currently valid number BLS would not be able to conduct this survey.

Attachment C: Confirmation email

{SUBJECT}

BLS Industry Classification Form Appointment

{BODY}

Greetings (Mr/Ms NAME)

This is to confirm your appointment to speak with our staff about the Industry Classification Form you completed for the Bureau of Labor Statistics (BLS). You are scheduled to speak with (INTERVIEWER NAME) at:

TIME on DATE

I will also send an appointment for your calendar, but in case you do not receive it please make a note of the date and time.

We will ask you about your experience completing the form and ask you about some of your answers. The call will take no more than one hour. However, we are happy to accommodate any time you are able to make for us. Your input is important in helping us improve this new form.

[You indicated you did not have a copy of your form. I've attached a black version of the form you completed for your reference.]

[You indicated that you have a copy of the form you completed. Please have this available during your call. If you instead need a copy, please let me know and I will send one to you.]

As a reminder, Westat is conducting this work under contract to BLS. All information you provide will be kept completely confidential and will only be used for the purposes of this research. No information about your participation or responses will be released. If you have any questions you may contact BLS at (EMAIL) or can contact Westat at (NUMBER)

Thank you for help us with this important task.

Sincerely,

NAME (WESTAT)

FGP: DEBRIEFING PROTOCOL – ENTERPRISE / ESTABLISHMENT

November 15, 2016

Introduction – Cover the following points

- Hello, my name is [name], and I’m calling on behalf of the Bureau of Labor Statistics to ask a few questions about a form, called the Industry Classification Report, that our records show you recently completed, do I have the right person?
- I want to thank you for taking the time to complete that form and agreeing to talk to us today.
- It’s a new form, so the purpose of my call is to find out how well the form worked, and if any changes need to be made to it.
- I will be referring to some of the questions on the form, do you have the copy that we emailed you earlier? *If not, read questions carefully throughout protocol*

Background Questions

Respondent

1. Title filled: **I want to confirm that your job title is [title].**
Title blank: **What is your job title or position?**
2. Tenure with the establishment: **How long have you worked for [company name]?**
3. **Is your work location the same as [address listed in Question 2]?**
 - o Yes – skip to Company Background
 - o No – ask Question 4
4. **What is your work location’s relationship with [location in Question 2]? (for example, is your work location headquarters or something else?)**

Company Background

1. **Tell me about your company.**
2. **Where are the locations of the company?**
Where is the headquarters?
How do the different locations interact or communicate with each other?
3. **Overall, what does your company do, or what does it make?**
 - a. *Get enough background information about the company to be able to make an initial ‘gut check’ on whether they are likely an FGP or not.*

How Was the Form Handled and Completed?

1. **Are you the person in the company who first received this form, or did you get this from another person, department, or location within the company?**
 - Person who received the form
 - Form passed from another person, department, or location

2. **Did you work with anyone else, or seek any information from any other departments within your company to help you to complete this form?**
 - Yes – ask a
 - No – skip to next section (General Instructions...)

IF YES TO ITEM 2: SOUGHT HELP OR INFO FROM OTHER DEPARTMENTS

- a. **(Who/what department) assisted you with this form?**
COLLECT WHAT DEPARTMENT ASSISTING STAFF WORKS IN AND NOTE IF DIFFERENT FROM RESPONDENT'S

- b. **What information did (they/that department) provide?**

General Instructions for Form Specific Debriefing Items

THROUGHOUT THIS FORM, PROBE ON ANY ERRORS, MISSING ITEMS, OR COMMENTS AS YOU GET TO THAT ITEM OR COMMENT.

Question 11

11 In 2016, was this company (and not just this worksite) responsible for product designs that were then manufactured by other companies, foreign affiliates, or foreign subsidiaries?

Yes → Go to Question 11b
 No → Skip to Question 12

11b Did this worksite (listed in Question 2) sell those products?

Yes
 No

One of the questions asked if your company overall, and not just the worksite at [read address in Item 2], was responsible for designing products that were then manufactured by other companies, foreign affiliates, or foreign subsidiaries? You answered...

IF YES TO QUESTION 11

1. Your company is responsible for product designs manufactured by other companies. Can you tell me about these products?

2. Who designed these products (e.g., this company or another company)?
 - a. IF ANOTHER LOCATION WITHIN THIS COMPANY FIND OUT WHERE IT IS AND WHAT IT DOES.

3. Can you tell me how your company brings these product designs to market?
 - a. For example, is there one group at your company that manages these (product designs)?
 - Yes
 - No
 - b. What is the name of that group?
 - c. Where are they located (e.g., at your location, at headquarters)?
 - At this location
 - Elsewhere - please describe

IF NO TO QUESTION 11

1. Probe if they indicated earlier the company was responsible for making anything - who is responsible for the designs?

ASKED OF ALL RE Q11

4. When you think of product designs, what does that include (see if Intellectual Property mentioned)?

5. What did you think about or consider when thinking of other companies, foreign affiliates, or foreign subsidiaries?
 - a. Does your company have any foreign affiliates or foreign subsidiaries?
 - Get enough information to confirm whether they are affiliated or unaffiliated

Question 12

12 In 2016, did this worksite design any products that were then manufactured by other companies, foreign affiliates, or foreign subsidiaries?

Yes → Go to Question 12b

No → Skip to Question 13

12b Did this worksite (listed in Question 2) sell those products?

Yes

No

Another question asked if the worksite at [address in Item 2] designed any products that were then manufactured by other companies, foreign affiliates, or foreign subsidiaries?

1. What did this question mean to you? Is it different from Question 11? How so?

IF YES TO QUESTION 12

1. This worksite designs products manufactured by other companies. Can you tell me about these products?
2. Who owns or controls the designs of these products?
3. Can you tell me how your company brings these product designs to market?
 - b. For example, is there one group at your company that manages these (product designs)?
 - Yes
 - No
 - c. What is the name of that group?
 - d. Where are they located (e.g., at your location, at headquarters)?
 - At this location
 - Elsewhere – please describe

IF NO TO QUESTION 12b

1. Probe if they indicated earlier the worksite was responsible for making anything – who is responsible for the designs?

Business activities – Question 13 grid.

Business Activities		Within Your Company?			At Another Company?			
<p>13 For each of the business activities below, check the box in a column to indicate which worksite within your company, or an unaffiliated company, is responsible for that business activity.</p> <p>Mark all that apply in each row.</p>		Your worksite (listed in question 2)	Headquarters for your company (mark if your worksite is headquarters)	Another US worksite within your company, but not company headquarters	An international worksite within your company	Another company inside the US	Another company outside the US	Not applicable to your company
	Business Activity							

Another question presented a grid of business activities and asked which worksite within your company was responsible for them. Do you remember these business activities or would you like me to read some of them to you?

1. How easy or difficult was it for you determine who was responsible for each business activity?
 - a. PROBE ON ANY DIFFICULTY REPORTED: E.G.,
 - i. WAS IT DIFFICULT TO UNDERSTAND THE BUSINESS ACTIVITY?
 - ii. DID R NOT KNOW WHO WAS RESPONSIBLE?

- b. (IF NEEDED) Was it clear that you could mark more than one column for each row? Or, was it clear that more than one location in your company could share responsibility for a business activity?
 - c. In your own words, what does it mean to be responsible for a business activity?
 - d. (PROBE ON ANY BLANK ROWS) I noticed that you didn't mark any columns for [business activity]. Do you recall why you left this blank?
2. How confident are you in your knowledge of what other locations are responsible for?
- a. Is there any single location within your overall company that would be sure to know this type of information for all the worksites?
3. Does one worksite have a final say over any of these activity (can overrule other worksites)?
- Yes - Which worksite is that?
 - No

FOR THE FOLLOWING QUESTIONS, NOTE IF MULTIPLE LOCATIONS (BOXES) ARE CHECKED WITHIN ANY ROW. AT APPROPRIATE QUESTION PROBE WITH...

1. I noticed that more than one location was checked for [activity]. How is responsibility shared for [activity with 1+ columns marked)?

Question 13b

Now let's talk about ...

b. Arranges for another company to manufacture products or produce goods sold by your company

1. Tell me about how (each checked box) arranges for other companies to manufacture products that your company sells?

PROBE WITH QUESTION 2 BELOW IF INFORMATION NOT PREVIOUSLY COLLECTED (E.G., QUESTIONS 11 AND 12)

2. IF COLUMN 1 AND ANY OTHER CHECKED: You marked that your worksite and (OTHER(S) CHECKED) arrange for other companies to manufacture products. Tell me more about this.
- a. Are these the same products or different products?
 - b. What is the responsibility of each of these locations? (e.g., manage volume, provide inputs, monitor quality, etc...)

Question 13c

c. Designs products or goods sold by your company. Only include designs that affect function or use.

1. For each of the products (follow-up each checked box) designs, how are these manufactured? (E.g., done by this worksite, or another?)
2. What were you considering when thinking about “designs?”
3. What does it mean to “only include designs that affect function or use?” What would you include? What would you exclude?

Question 13d

d. Accepts ownership of any products or goods manufactured by your company or other companies

1. What does it mean to accept ownership of products or goods manufactured?
2. Why did you say (follow-up each box checked) accepts ownership of these products?
3. Who is responsible for defective or unsold products? Did/Would you include that here?

Question 13e

e. Sets the sales price for any products or goods manufactured by your company or other companies

1. How is setting the sales price done by (follow-up each checked box)?

Questions 13f – 13k

1. PROBE ON ANY NOTED DIFFICULTY, OR ANY BLANK ROWS IF NOT ALREADY COVERED.
2. MAKE SURE TO COVER PROBE ADDRESSING RESPONSIBILITY IF MULTIPLE LOCATIONS CHECKED.

The final question asked you to estimate the percent of revenue your worksite generated mostly by different types of manufacturing activities.

IF NECESSARY, REVIEW LIST WITH RESPONDENT: These included...

- manufacturing done for your company
- manufacturing done for other companies
- manufacturing done outside the U.S. for your worksite
- manufacturing done by an unaffiliated company inside the U.S. for your worksite
- Any other manufacturing
- Your largest single source of non-manufacturing revenue
- And all other revenue-generating activities

14

What percent of the total revenue generated by the worksite listed in Question 2 comes from each of the sources below?

IF NOT ANSWERED

1. **This question asked for revenue estimates from different activities for the worksite listed in question 2. Our records show that you did not answer this question. Did this question ask for information that was too difficult to obtain, should someone else have answered the question, or was there some other reason for not answering it?**

IF ANY ANSWERED

1. **Looking at the table on the last page, was there anything that you found particularly confusing or difficult about these questions?**
2. **Tell me how your worksite tracks revenue?**
 - a. **Do you track revenue by product, product line, or something else?**
 - b. **IF HEADQUARTERS: ARE YOU ABLE TO PROVIDE THIS INFORMATION FOR EACH/OTHER WORKSITE(S)?**
 - I. **Would the individual worksite be able to provide this information?**
3. **How did you come up with the percentages reported?**
 - a. **NOTE GUESSING/ESTIMATES ARE OK – WHAT ARE THESE BASED ON?**
 - b. **WERE ANY RECORDS USED/REFERENCED?**
 - c. **HOW CONFIDENT ARE THEY IN THE ACCURACY OF THESE PERCENTAGES?**
4. **PROBE ON ANY SUMS THAT DO NOT TOTAL 100%**

Closing

1. **Do you have any other comments or thoughts about the form you completed?**

Attachment F: Debriefing recruitment script

Recruitment Protocol: FGP Establishment / Enterprise

RECRUITER: If you reach a reception or central line, ask for person listed in question of selected form.

ONCE YOU HAVE REACHED THE PERSON LISTED ON THE FORM, CONTINUE.

IF YOU REACH VOICEMAIL OR OTHER ASSISTANT, GO TO MESSAGE (LAST PAGE).

Hello, I'm calling on behalf of the Bureau of Labor Statistics, which is part of the Department of Labor. Recently you completed an Industry Classification Form for us to help improve how companies like yours are classified.

The form you completed is new and we would like to schedule a time to ask you about your experience completing this form. This will help inform us about whether the questions we are asking are right and understood in the same way by everyone.

IF NEEDED DESCRIBE WHAT FORM LOOKED LIKE, LENGTH, QUESTIONS ABOUT BUSINESS ACTIVITIES.

1. First, I just want to verify that you are the person that completed this form.

- Yes → SKIP TO QUESTION 3
- No

2. Can you tell me who completed this form? (IF UNWILLING TO PROVIDE, THANK AND END)

Name: _____

Title: _____

Telephone Number: (____|____|____) |____|____|____| -- |____|____|____|____| ext: |_____|

Thank you for your time!

3. We would like to schedule a time at your convenience for our staff to ask you about your experience and how you answered some of the questions. When would be a good time to have them contact you?

IF NEEDED: The call may take up to 1 hour, but may be shorter depending upon your responses. Most people enjoy the opportunity to help out and give feedback.

Date: ____ / ____ / _____

Time: ____:____ am / pm (EST)

Time: ____:____ am / pm TIMEZONE: _____
(RESPONDENT TIMEZONE)

IF REFUSED, OR HUNG-UP, THANK AND END - NOTE ON CALL RECORD SHEET.

4. IF NUMBER ON FORM WAS NOT DIRECT LINE: What is the best number to reach you?

Telephone Number: (___|___|___) |___|___|___| -- |___|___|___|___| ext: |_____ |

5. We asked you to keep a copy of your completed form. Do you have a copy of the form you completed?

- Yes → SKIP TO QUESTION 6
- No

5a. If you don't have the form that is not a problem. We can send you a blank form for reference. Unfortunately, we cannot send your completed form in order to keep your data secure.

6. Thank you for helping us out. Just to confirm a member of our staff will call you on [DATE] at [TIME IN RESPONDENT TIME ZONE]. I will send you a confirmation by email.

7. IF EMAIL IS AVAILABLE CONFIRM, OTHERWISE COLLECT EMAIL

Can I get your email so (I can confirm what we have from your form/I can send you an appointment confirmation)?

Email: |_____ |

END Thank you very much for helping us out.

MESSAGE:

Hello, this is [NAME] calling on behalf of the Bureau of Labor Statistics. I'm calling because you recently completed the Industry Classification Form. We wanted to ask you a few questions about the form you completed so that we can improve that questions we ask. I'll try contacting you again tomorrow, or you can call me directly at [NUMBER]. Thank you.