

November 20, 2015

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 FY16 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 116 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 all 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 NAICS sectors of manufacturing, wholesale trade, and the management of companies and enterprises (often called the “headquarters” sector).

The Bureau of Labor Statistics is continuing research aimed at identifying and classifying these FGP establishments. BLS needs to understand the key concepts related to FGPs, and how they are operationalized across various types of establishments.

Additionally, past research suggests that there may be dramatic differences across industries, in terms of how FGP characteristics are manifested in particular industries and how they might be appropriately identified, measured, and discussed. BLS is open to the possibility that an industry-specific approach to FGP data collection may be required, and is looking for information about how FGP characteristics vary across industry.

## **II. Methodology**

Westat, under contract with the BLS, will conduct this two-part study consisting of (A) Establishment Interviews and (B) Industry Interviews. For both parts of the study, we expect the testing process to be iterative, with changes to the wording and/or order of interview questions being made based on the results of prior interviews.

### **A. Establishment Interviews**

Up to 20 cognitive interviews with establishments will be conducted to explore the FGP characteristics using a semi-scripted protocol (Attachment A). Up to 8 interviews will be conducted in person, with the remainder conducted over the phone. Mode will be determined by participant location and researcher availability. For recruitment, potential participants will be contacted via telephone and administered a screening protocol (Attachment B). Participants will be asked to invite any other members within their organization who may be able to provide insight into the FGP phenomena. After the establishment’s eligibility has been confirmed and they have agreed to participate, they will be sent a confirmation letter (Attachment C), and given a follow-up phone call to confirm the appointment and answer any questions.

## B. Industry Interviews

Up to 10 interviews with industry groups and trade associations will be conducted to explore FGP characteristics using a semi-scripted protocol (Attachment D). Up to 5 interviews will be conducted in person, with the remainder conducted over the phone. Mode will be determined by participant location and researcher availability. Industries will be selected based on expected FGP prevalence, and relevant groups will be identified primarily through an internet search. Telephone recruitment will be done, and after participants have agreed to participate, they will be sent a confirmation letter (Attachment E), and given a follow-up phone call to confirm the appointment and answer any questions. Participants will be asked to invite any other members from their organization who may be able to provide insight into the FGP phenomena.

## III. Burden Hours

### I. Establishment Interviews: 78.4 hours

We expect to screen up to 100 participants to complete 20 interviews, and the telephone screening to take 10 minutes (16.7 hours). Confirmation of the appointment and answering any questions is expected to take an additional 5 minutes for each of the 20 interviews (1.7 hours). The interview is expected to take 90 minutes for each of the 20 interviews, with an average of 2 respondents from an establishment attending each interview (60 hours).

### II. Industry Interviews: 37.5 hours

We expect to contact 40 industry and trade groups to complete 10 interviews, with the telephone recruitment process taking up to 10 minutes (6.7 hours). Confirmation of the appointment and answering any questions is expected to take an additional 5 minutes for each of the 10 interviews (0.8 hours). The interview is expected to take 90 minutes for each of the 10 interviews, with an average of 2 respondents from a group attending each interview (30 hours).

Total expected burden for this study is therefore 116 hours.

## III. Data Confidentiality

Participants interviewed over the phone will be asked for their verbal consent. Participants interviewed in person will be asked to sign a consent form (Attachment F)

## IV. Attachments

### 1. Attachment A: Establishment Interview Guide

2. Attachment B: Establishment Screening Form
3. Attachment C: Establishment Confirmation Letter
4. Attachment D: Industry Interview Guide
5. Attachment E: Industry Confirmation Letter
6. Attachment F: Consent Form
7. Attachment G: FGP Form

## Attachment A: Establishment Interview Guide

**FGP – Establishment Protocol**

Establishment Background

Establishment (Company) Name: \_\_\_\_\_

Location: \_\_\_\_\_

Industry: \_\_\_\_\_

Single or Multi Unit: \_\_\_\_\_

Primary Contact Name: \_\_\_\_\_

Primary Contact Title: \_\_\_\_\_

Primary Contact Ph#: \_\_\_\_\_

Other Attendees (Name/Title): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## A. Introduction

- Thank participant(s)

Thank you for taking the time to speak with us today. We've set aside one hour for our discussion as we understand your time is important.

- Introduce research staff (Westat/BLS personnel) and ask for introductions of establishment attendees (note names/titles for each)

Westat is working with the Bureau of Labor Statistics in order to better understand how changes due to globalization, technology, and other factors affect the quality of industrial statistics collected in the United States across different industries, like yours. As stated in the background materials we provided, we are interested in learning what your company does, and how it has dealt, or is evolving to deal, with these changes.

- Discuss goals/topics for discussion

As I just mentioned, we would like to talk to you today about the following:

- What your company does, in terms of what it designs, manages, or produces;
- How have these processes changed in response to industry changes;
- How do you distribute or manage these processes, or activities;
- Who at this establishment, or within your company is most knowledgeable about these processes, or activities;
- How revenue from production activities is tracked, and what level of detail can be provided;
- [MULTI-UNIT ESTABLISHMENTS] How your location fits into the larger company as a whole in terms of these things.

There are also other topics we will want to explore. Our discussion may also naturally evolve based on things we learn that will help us better understand your company and industry. We are interested in everything you have to say and encourage you to speak openly.

Unfortunately there may be times where I interrupt in order to ensure all of the topics we are interested in are appropriately covered.

Before we start I'd like to cover your rights as participant(s) in this research

- o In person interviews: Complete consent form
- o Telephone Interviews:
  - The BLS, 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.

- We estimate it will take you an average of 90 minutes to participate in this research.
- During this research you may be audio and/or videotaped, or you may be observed. If you do not wish to be taped, you still may participate in this research.
- The OMB control number that this research is being conducted under is 1220-0141, and it expires April 30, 2018.



IMPORTANT:

- IF MORE THAN ONE PARTICIPANT PRESENT, NOTE THE NAME AND TITLE OF PERSON PROVIDING INFORMATION.
- CONFIRM, WHERE NECESSARY WHETHER THE PARTICIPANT IS REFERENCING THE ENTERPRISE, ESTABLISHMENT, HEADQUARTERS, OR SOME OTHER ENTITY. TRY TO KEEP THE RESPONDENT FOCUSED ON THE SPECIFIC LOCATION THEY'RE AT

**B. Establishment Detail**

- I'd like to start by asking you to describe for me what [IF MULTI: this location of] your company does or what it makes and how this is done.

DETAILS TO CAPTURE

- ✓ Company process for manufacturing or producing products or goods – how is the company/worksite structured to create/design/produce a product?
- ✓ What does the company call what they do? E.g., manufacturing, design, assembly, etc...
- ✓ What do they create/design/produce – if multiple products, what do they consider their main product?
  - Is this based on volume or revenue generated by product?
- ✓ What industry would they consider this company to be a part of?
  - Is this establishment represented or a member or any trade association or industry group? Which one(s)?
- ✓ [IF MULTI-UNIT ENTERPRISE] Position within a larger enterprise, how they relate to them? E.g. complete independence, they are told what to do; do they handle one specific aspect of product production, etc...

**C. Offsite Manufacturing**

- Let's talk more about the products this establishment [makes/has made]?

DETAILS TO CAPTURE

- ✓ Where does the manufacturing activity occur/where are their products made?
- ✓ Are there any special terms that are common within this establishment to describe this activity?
- ✓ If other establishments (offsite) conduct manufacturing for this establishment, how are they related to this establishment?
  - Are they in anyway affiliated with this establishment? Describe the affiliation:
    - Part of same company?
    - Owned by same parent company?
    - Owned by this establishment/company?

- Completely unaffiliated with this company?
  - Does the offsite manufacturer produce final products or inputs into another manufacturing process?
    - If inputs, are they used in a manufacturing process done at this establishment, or somewhere else?
    - Does this establishment do any manufacturing (including assembly) using the products/inputs manufactured offsite?
- One of the phrases we like to use when asking about this activity is “to arrange for the manufacture of products,” what does it mean to “arrange for the manufacture of products?”

#### DETAILS TO CAPTURE

- What activities would they include/exclude?

### **D. Control: Product/Production**

- I’d like to discuss control. There are many ways that control can be thought about, let’s start by talking about what control this establishment has over how products are made.

#### DETAILS TO CAPTURE

- ✓ Does this establishment control production of any manufacturing?
- ✓ What does it mean to control production?
- ✓ What decisions do they make/enforce?
- ✓ What restrictions do they have/what aspects of the process do they explicitly not have control over?
  - [MULTI-UNIT] Does this location have “final approval” over production (e.g., can another location/headquarters over-ride production decisions made by this location).
- ✓ Who determines what materials are used?
- ✓ Who provides those materials?

### **E. Control: Intellectual Property**

- Another aspect of control is control over the idea of the product. To start, what terms, words, or phrases would you use for controlling the idea for a product?

[NOTE IF TERM ‘INTELLECTUAL PROPERTY’ IS USED – DETERMINE WHAT THIS INCLUDES: E.G., TRADEMARKS, PATENTS, OTHER.]

- What about controlling the design? Is that the same thing?

- What goes into the design?
- Does this establishment control the idea or design of any products?
- Does this establishment develop the design of any products? Is developing products and controlling product design the same, or are there differences?
- Does this control over design or products vary for different products?

#### DETAILS TO CAPTURE

- ✓ Who has primary control over the design?
- ✓ Does anyone else have control over the design?
  - How does the control of processes or over decisions differ between you and the production facility?
  - Can you tell me what they control and what you control?
- ✓ Who has the authority to make changes or modify the design?
  - Are there any limits or restrictions to these changes?

### **F. Ownership, Financial Control, and Financial Responsibility**

- Finally, the last aspect of control is ownership and sale of the product. Who owns your products once they are made?

[NOTE: IDENTIFY IF INTERMEDIATE GOODS (E.G., PARTS OR COMPONENTS) ARE CONSIDERED FINAL. GET DETAIL ON HOW THESE ARE USED; IF THEY ARE 'FINAL' (NO ADDITIONAL CHANGES NEEDED BEFORE SOLD) OR 'INTERMEDIATE' (AN INPUT TO A SUBSEQUENT PRODUCTION PROCESS)]

- Do you have any control over the sale of the product? Can you describe for me what that means or how you control the sale of the product?
  - Is this done by the establishment, the enterprise, or something else?
  - Are records kept at the establishment level, enterprise level, or something else?
- What happens if a product goes unsold?
  - What processes are in place to mitigate this: e.g, contract manufacturing, preorders, product shelf life/recycling
  - How is loss, or is there any loss to measure/track for any products?
- How do you track the value of a product, or the revenue it generates?

#### DETAILS TO CAPTURE

- ✓ How do they define ownership?
- ✓ Does ownership ever change during the process of production through sales?
- ✓ What does it mean to control the sale of the product?

- ✓ How do they track product loss, or prevent/avoid this?
  - Are there any special terms used to define this?

## **G. FGP Concept**

One of the things we are trying to identify is companies that create or design a product, but do not actually manufacture that product themselves.

- Can you think of any specific terms or phrases that would be used to describe these companies?
- What does the term outsourcing mean to you? Does it apply to any part of your establishment?
- What does the term offshoring mean to you? Does it apply to any part of your establishment?

## **H. FGP Form**

- We have a form that I would like you to take a look at (Attachment G). This has a number of questions that try to identify establishments that create or design a product but have someone else do at least part of the manufacturing process. Focusing on page 2, do these questions seem clear?
  - Would you be able to answer them for your company?
  - If you could what would you do to change them?
- Looking at page 3, is this information available for this establishment?
  - What level of detail is available?
    - Is this information available as shown in this form? That is, can this detail be provided without any estimating or additional calculations?
  - How easy/difficult would it be to provide this information?

## **I. Enterprise vs. Establishment (FOR MULTI-UNITS ONLY)**

- As we discussed, this location is part of a larger company with other locations. One of the things we're interested in is understanding how the manufacturing process is handled within companies as a whole. If we were to send this form to all the different locations of your company, would each one have different answers?
- Is there a single location that would know the most about the outsourcing done by the company as a whole?

- Are there any locations that wouldn't be able to answer the questions?
- If we sent the form to the headquarters location, would they be able to answer these questions for each individual location? For the company as an entire, single, whole?

## **J. Information Access**

Finally, thinking of all the points we covered, who in this establishment would be able to provide this information? This would be detail on the manufacturing process, control over product and design, product ownership and responsibility, and revenue sources?

### DETAILS TO CAPTURE

- ✓ Department, Title, Location of person(s) for each:
  - Manufacturing process
  - Control of Product/Design
  - Product ownership/responsibility
  - Revenue Sources
    - What detail is tracked?
    - How difficult would it be to provide or generate detail?
  - As appropriate: whether this person has information for the enterprise

## **K. Anticipated Response**

Thinking about the topics we've just covered, would you expect you or someone in your establishment to respond to a survey about this? Are there any topics that you think would be skipped over, or lead the survey to be refused?

## **L. Closing**

Those are all the questions I have. I would like to thank you for your time and provide an opportunity to answer any questions, or listen to any other comments or thoughts you may have.

Attachment B: Establishment Screening Form

## Screening Protocol: FGP Establishment Interviews

RECRUITER: If you reach a generic gatekeeper, request to talk to someone in the production, manufacturing, sourcing, or management offices.

I'm calling on behalf of the Bureau of Labor Statistics, which is part of the Department of Labor. The Bureau is conducting a study to learn how businesses are changing their production processes to better meet rapid changes in the global economy. As part of this study, I would like to ask a few general questions about your company. Generally, we've found that someone in the production, manufacturing, sourcing, or accounting office can best answer these questions.

1. First, what is the industry that your company works in? (If more than one, then ask for the industry that would include their main business activity.)

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2. Does this company have multiple worksites or locations, or is this location the only one?

Frame Value

- |               |               |
|---------------|---------------|
| • Single-unit | • Single-unit |
| • Multi-unit  | • Multi-unit  |

▶ IF RESPONSE IN 2 DOES NOT MATCH VALUE FROM FRAME:

- a. Response = SINGLE/ Frame = MULTI: Just to verify there are no other locations or worksites domestically or internationally?
- b. Response = MULTI/ Frame = SINGLE: Just to verify, there are other locations of this company, other than this worksite?

- Confirmed Single
- Confirmed Multi

3. IF VERIFIED MULTI. Is this worksite considered the headquarters for this company?

- Yes
- No

4. Approximately what is the total number of employees that work at this location?

|\_|\_|\_|\_|\_| number

5. We are interested in companies that design a product but do not do all the actual manufacturing themselves. Do you outsource any manufacturing, either domestically or internationally?

- Yes → SCREEN IN AND SCHEDULE INTERVIEW
- No

- ✓ IF NO AND A SINGLE-UNIT: **SCREEN OUT** – THANK AND END SCREENING
- ✓ IF NO & MULTI-UNIT THEN ASK 7a

**7a.** Does your company have any international locations?

- Yes → ASK 7b
- No → **SCREEN OUT** – THANK AND END SCREENING.

**7b.** Is any manufacturing done for your company by any of those international locations??

- Yes→ SCREEN IN AND SCHEDULE INTERVIEW
- No→ **SCREEN OUT** – THANK AND END SCREENING

### **SCREEN OUT**

Thank you for taking the time to answer my questions. Those are all the questions I have at this time. (If Multi) To help us identify other participants for this research, do any locations of your company do any outsourcing?

- Yes → Please provide contact information for that location, try to get a specific name and phone number
- No→ THANK AND END SCREENING

### **SCREEN IN**

We are interested in learning more about how your company manages production processes so that we can better understand how companies like yours operate and respond to industry changes. We would like to set-up a time to [TALK/MEET] with company personnel that know the most about these activities.

- Participation (by meeting with us) is completely voluntary and the names of your company and staff would be kept confidential.
- This information will only be used for the purposes of helping the Bureau of Labor Statistics understand how companies like yours operate and manage business activities. This is one step in improving industrial statistics.
- This is a unique opportunity to provide feedback to BLS and you are one of only a few companies that have been selected for this opportunity.

Often there are multiple staff members that have specialized knowledge about production activities, managing the purchase of raw materials, managing off-site activity, and monitoring production costs and revenues. Because of that, we would like to meet with all staff who may be knowledgeable or responsible for these areas. Some examples are:

- Plant Manager; Production Manger



- Controller; Vice President of Finance
- Director of Operations
- Sourcing Manager
- Production Supervisor
- Chief Operating Officer
- Staff who generally complete surveys or information requests

Arrange date and time for [TELEPHONE MEETING/IN-PERSON MEETING]

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

Time: \_\_\_\_:\_\_\_\_ AM / PM      PAC / CST / MTN / EST

We will send a letter with some additional information and confirmation of our meeting time. After review you may feel that other staff would be helpful in our discussion. Please feel free to invite additional staff members.

If you have any questions about what staff you should include, or need to reschedule, please feel free to contact Douglas Williams at 240-453-2934.

COLLECT CONTACT INFORMATION FOR RESPONDENT TO CONFIRM APPOINTMENT AHEAD OF SCHEDULED TIME.

Respondent name: \_\_\_\_\_

Respondent title: \_\_\_\_\_

Company name: \_\_\_\_\_

Physical address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone number: \_\_\_\_\_

Email address: \_\_\_\_\_

IF DIFFERENT FROM RESPONDENT, PROVIDE INFORMATION OF CONTACT PERSON IDENTIFIED:

COLLECT CONTACT INFORMATION FOR RESPONDENT TO CONFIRM APPOINTMENT AHEAD OF SCHEDULED TIME.

Contact name: \_\_\_\_\_

Contact title: \_\_\_\_\_

Company name: \_\_\_\_\_

Physical address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone number: \_\_\_\_\_

Email address: \_\_\_\_\_

A member of our staff who will be conducting the meeting will contact [RESPONDENT/CONTACT] to confirm the appointment time, talk through the ideal participants, and reschedule if necessary.

Attachment C: Establishment Confirmation Letter

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[CONTACT]  
[COMPANY NAME]  
[ADDRESS]  
[CITY, STATE ZIP]

Dear [CONTACT]

Recently you were contacted by researchers on behalf of the Bureau of Labor Statistics (BLS) who are scheduled to meet with you to learn more about the business activities of your company. First, thank you for agreeing to take time to meet. The information provided as part of this opportunity will help BLS learn more about how changes in global supply chains are affecting companies like yours. This letter provides background information about the topics our researchers will discuss with you at the meeting.

To confirm, our meeting with you and any staff you wish to invite is scheduled for:

**[MEETING TIME]**

As you may recall from our initial contact, BLS and other American statistical agencies are interested in learning more about how changes in global supply chains may be affecting the quality of industrial statistics collected in the United States. Such statistics result from information provided by companies like yours to BLS. Improvements in logistics, technology, and other factors have led to the increased shift to other companies of transformational (i.e., manufacturing) activities. We are interested in learning more about companies like these, where the company has economic ownership over a product but they do not manufacture every part of it; that is, they outsource manufacturing or use some other arrangement for at least part of the product.

In order to better classify companies like these, BLS needs to learn more about how companies that do this are organized and how they report business activities. To do this we would like to talk to you about:

- The structure and organization for your company;
- What, if any, manufacturing is conducted at your location and what manufacturing is conducted someplace else for this location;
- Ownership of the product design or rights to the product designs;
- How product designs are changed and who controls these changes;
- How product prices are determined and who controls this;
- Who bears the risks for creating and selling the products;
- What information or data do you use to track the value of these processes?

If possible, it would be helpful if staff who are knowledgeable in these areas, or who generally report on these activities could be present. We have found that the following types of people have been valuable participants in the research in the past:

- Plant Manager; Production Manger
- Controller; Vice President of Finance
- Director of Operations
- Sourcing Manager
- Production Supervisor
- Chief Operating Officer
- Staff who generally complete surveys or information requests

If you have any questions, would like more information, or need to reschedule your appointment please contact our representative from Westat: Douglas Williams at 240-453-2934. Westat is a social science research company we have contracted to work with BLS. If you have any questions about their role please contact the BLS directly.

We are happy to meet with as many people from your company as you'd like to bring. We thank you again for the opportunity to meet with you. Please contact me with any questions.

Sincerely,

Dave Talan

Chief, Division of Administrative Statistics  
Office of Employment and Unemployment Statistics  
[Talan.David@BLS.gov](mailto:Talan.David@BLS.gov)  
202-691-6467

## Attachment D: Industry Interview Guide

**FGP – Industry Protocol**

Industry Background

Association Name: \_\_\_\_\_

Location: \_\_\_\_\_

Industry Represented: \_\_\_\_\_

Primary Contact Name: \_\_\_\_\_

Primary Contact Title: \_\_\_\_\_

Primary Contact Ph#: \_\_\_\_\_

Other Attendees (Name/Title): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Introduction

- Thank participant(s)

Thank you for taking the time to speak with us today. We've set aside one hour for our discussion as we understand your time is important.

- Introduce research staff (Westat/BLS personnel) and ask for introductions of industry representatives (note names/titles for each)

Westat is working with the Bureau of Labor Statistics in order to better understand how changes due to globalization, technology, and other factors affect the quality of industrial statistics collected in the United States across different industries, like the one your represent. As stated in the background materials we provided, we are interested in learning how to identify companies that have economic ownership over a product but do not manufacture every part of it; that is, they outsource manufacturing or use some other arrangement for at least part of the product.

- Discuss goals/topics for discussion

As I just mentioned, we would like to talk to you today about concepts that describe companies that design, but may not manufacture all their products. These include:

The general topic of economic ownership which may differ from legal ownership of a product. Some of the characteristics of economic ownership that economists have identified include:

- Owning or controlling the design or ideas of a product
- Having the ability to independently change the product design
- Exerting control over the process for developing the product, for example, controlling the inputs, product lines, and production levels
- Determining the price of the final product and final ownership
- Arranging for the sale of the product
- Assuming any financial or legal risk associated with manufacturing the product
- Being able to report about the financial costs and revenues of the production process

There are also other topics we will want to explore. Our discussion may also naturally evolve based on things we learn that will help us better understand your industry. We are interested in everything you have to say and encourage you to speak openly.

Unfortunately there may be times where I interrupt in order to ensure all of the topics we are interested in are appropriately covered.

- Complete consent form

Before we start I'd like to cover your rights as participant(s) in this research



- o In person interviews: Complete consent form – have lead representative contact sign for in-person
- o Telephone Interviews:
  - The BLS, 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.
  - We estimate it will take you an average of 90 minutes to participate in this research.
  - During this research you may be audio and/or videotaped, or you may be observed. If you do not wish to be taped, you still may participate in this research.
  - The OMB control number that this research is being conducted under is 1220-0141, and it expires April 30, 2018.

### **General Background—Company Structures/Business Models**

I'd like to start out by having you tell me a little about companies within the {NAME} industry. That is, describe for me a typical company, or if variation is more common, the different types of companies, that are involved with [NAME] industry?

#### **PROBES:**

- Are companies within this industry generally single unit companies, large multi-unit companies, or something in-between?
- How do companies generally go about developing and producing products or goods? That is, what are the processes or stages for product development?
- In terms of production or product development, how have companies responded to changes, for example due to technology, increased globalization, or consumer demand?

### **Manufacturing—Definition, Process, and Location**

I'd like to focus more on manufacturing activities. Economists refer to these as “transformational activities,” or the process of taking materials and physically changing them to create a new product. What kind of manufacturing is done in this industry? Where do these activities usually take place?

## PROBES

- What is the term that is used within this industry for manufacturing-like activities?
- Are the products produced ‘final’ products, that are ready for sale, or ‘intermediate’ products, that are used as inputs into other manufacturing processes?
- Do companies perform these activities domestically or in other countries?
- Do companies typically contract out manufacturing, or is manufacturing typically done by facilities owned by these companies?
  - Does this vary by company or product? How?
  - What is this relationship called? [May say something like “outsourcing”. Use their provided term in place of “contract manufacturing” in the rest of the protocol.]
  - Are there ongoing legal relationships, like contracts, between the company and the manufacturer? Or is the manufacturing done on an ‘order-by-order’ or more temporary basis?

## **Intellectual Property—Definition, Source, and Control**

What about the design or the ideas behind a product. What can you tell me about how companies in the [NAME] industry control these?

## PROBES

- How do companies in this industry refer to the designs or ideas for their products? IF NEEDED PROMPT WITH INTELLECTUAL PROPERTY
- Do companies usually come up with their own designs or specifications? If not, from where are they sourced?
- Who has ownership or control over the design or ideas (intellectual property) for the products?
- In the case of contract manufacturing, do the contract manufacturers have any input or control over the design?
  - If they have any control, who has final approval over the design?

## **Financial Responsibility for Inputs and Sales**

Let's think about purchasing and sales for companies in the [NAME] industry. There are several components we are interested in, first:

### **PROBES**

- Who is responsible for purchasing, obtaining, or providing the materials used in manufacturing?
  - For [OUTSOURCE ACTIVITY], is it the company or the contract manufacturer?
  
- When you think about the final sale price of the product (WHETHER AN INTERMEDIATE OR FINAL PRODUCT), what first comes to mind?
  - Who controls or usually sets the final sale price?
  
- For companies in this industry, who is typically the customer or target for sales?
  - Is this businesses, direct sales (to customer/public), or to wholesalers?

## **Entrepreneurial Risk—Responsibility**

Now I want you to think about how companies in [NAME] industry handle the risk of doing business. For example, how do they handle losses associated with unsold or defective products, product liability, or customer dissatisfaction?

### **PROBES**

- Is there a term for this business risk that you or companies in this industry usually use? IF NEEDED PROBE WITH ENTREPRENEURIAL RISK
  - What does their term include? What does it exclude?
  
- Do contract manufacturers bear any responsibility for this? What about once the products are sold?
  
- Are there other economic or financial risks, specifically associated with manufacturing that company's face in this industry?

## **Revenue Tracking and Product Value**

- What can you tell me about how companies in [NAME] industry track product value or revenue?
  - If another company does the manufacturing, how is the value of that work accounted for internally?

- If certain locations are responsible for only sub-components of the total manufacturing process, how does the value of their work get accounted for within their company?
- Does your association track revenues for [NAME] industry?
- Do you provide companies you represent with information on changes in revenue by different manufacturing types (e.g., in-house vs outsourced)?>
- For companies with more than one location, does each individual location track their own revenue? Does the headquarters location also track revenue? If so, by location, by product line – what is the level of revenue information that could be available.

### **Inference on Conceptual Knowledge within Companies**

Keeping in mind the objective that we hope to be able to identify companies who outsource some or all of their manufacturing, either domestically or internationally. Ideally, we'd do this with a survey. Within companies in your industries who would be the best person to provide information about the contract manufacturing process?

- What department would we want to send the survey to?

### **PROBES**

- Does this differ for single companies or multi-unit enterprises?
- For multi-unit enterprises do you feel individual worksites would be able to provide this information?

### ***Industry Thoughts/Reactions***

Finally, based on our discussion today, do you have any additional thoughts or concerns that you would like to share?

### **Closing**

*Thank you for your time today. The information you have provided will help shape how BLS works with companies in this industry to measure contract manufacturing.*

Attachment E: Industry Confirmation Letter

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[CONTACT]  
[COMPANY NAME]  
[ADDRESS]  
[CITY, STATE ZIP]

Dear [CONTACT]

Recently you were contacted by researchers on behalf of the Bureau of Labor Statistics (BLS) who are scheduled to meet with you to learn more about companies you represent in the [INDUSTRY] industry. Thank you for agreeing to take time to meet with us. The information provided as part of this discussion will help BLS learn more about how changes in global supply chains are affecting companies in this industry. This letter provides background information about the topics our researchers will discuss at the meeting.

To confirm, our meeting with you and any staff you wish to invite is scheduled for:

**[MEETING TIME]**

As you may recall from our initial contact, BLS and other American statistical agencies are interested in learning more about how changes in global supply chains may be affecting the quality of industrial statistics collected in the United States. Improvements in communications, technology and logistics have made it possible for companies to source manufacturing work domestically and internationally in their efforts maximize production efficiencies. We are interested in learning more about such companies, particularly those that have recognized economic ownership for a given final product, do some or most of the production work themselves but outsource the manufacturing of certain components to other companies when it is advantageous to do so.”

In order to better classify companies like these, BLS needs to learn more about business models and organizational hierarchies that may be common to companies in the [INDUSTRY] industry. We are also interested in how these have changed in the face of increased globalization, and new challenges you foresee within this industry. To do this we would like to talk to you about:

- Organizational structures and business models common within this industry;
- Common definitions for manufacturing activities; and other terms for production processes that are unique to this industry;

- Whether companies partner with other companies to manufacture a product or a part of a product;
- How companies handle ownership of the product design or rights to the product designs;
- How product prices are determined and who within the company is responsible for pricing decisions;
- How companies minimize the risks associated with the products they create and sell and how they manage related liabilities;
- How companies track costs and revenues, both for components and final products manufactured by the company itself and those produced by contract manufacturers.

If possible, it would be helpful if staff who are knowledgeable in these areas, or who generally work with companies on these topics could be present. We are happy to meet with as many people from your association as you'd like to invite.

If you have any questions, would like more information, or need to reschedule your appointment please contact our representative from Westat: Douglas Williams at 240-453-2934. Westat is a social science research company we have contracted to work with BLS. If you have any questions about their role please contact the BLS directly.

We are happy to meet with as many people from your company as you'd like to bring. We thank you again for the opportunity to meet with you. Please contact me with any questions.

Sincerely,

Dave Talan

Chief, Division of Administrative Statistics  
Office of Employment and Unemployment Statistics  
[Talan.David@BLS.gov](mailto:Talan.David@BLS.gov)  
202-691-646

Attachment F: Consent Form



CONSENT FORM

The Bureau of Labor Statistics (BLS) is conducting research to increase the quality of BLS surveys. This study is intended to suggest ways to improve the procedures the BLS uses to collect survey data.

The BLS, 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. The Privacy Act notice on the back of this form describes the conditions under which information related to this study will be used by BLS employees and agents.

During this research you may be audio and/or videotaped, or you may be observed. If you do not wish to be taped, you still may participate in this research.

We estimate it will take you an average of 90 minutes to participate in this research.

Your participation in this research project is voluntary, and you have the right to stop at any time. If you agree to participate, please sign below.

Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. The OMB control number is 1220-0141 and expires April 30, 2018.

-----  
I have read and understand the statements above. I consent to participate in this study.

\_\_\_\_\_  
Participant's signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Participant's printed name

\_\_\_\_\_  
Researcher's signature

OMB Control Number: 1220-0141  
Expiration Date: April 30, 2018

## PRIVACY ACT STATEMENT

In accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a), you are hereby notified that this study is sponsored by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), under authority of 29 U.S.C. 2. Your voluntary participation is important to the success of this study and will enable the BLS to better understand the behavioral and psychological processes of individuals, as they reflect on the accuracy of BLS information collections. The BLS, 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.

Attachment G: FGP Form



# Industry Classification Report

Bureau of Labor Statistics  
U.S. Department of Labor  
O.M.B. No. 1220-0141  
Expires April 30, 2018

Please complete and return this form by **MMMM DD, YYYY**. If you need help completing this form, send an e-mail to NAICSHelp@bls.gov, or call toll free at 1-866-840-3801 (TTY at 1-866-841-3259). Thank you!

### 1 What is your contact information?

Please provide contact information for the person who completed this form.

Name:				
Title:		Business website:		
Phone:	( )		E-mail:	

### 2 If the address below is not correct, please enter the updated address in the space provided.

	Enter Address Corrections for Physical Location Below
[FILL COMPANY NAME]	
[FILL ADDRESS 1]	
[FILL ADDRESS 2]	
[CITY, STATE, ZIP]	
[RUN_DESC]	

### 3 Our records show the main business activities, products, goods, or services at the worksite listed in Question 2 are [FILL]. Is this correct?

- Yes
- No → Please enter your correct economic activity in Box A on Page 4

#### Listed Business Activities

### 4 Does this company have a single location (the worksite listed in Question 2), or is it part of a larger enterprise with multiple locations?

- Single Location
- Multiple Locations

### 5 How many employees are employed at the worksite listed in Question 2?

- Include:**
- Full or part-time paid workers
  - Workers on paid leave
  - Workers assigned temporarily to other units
  - Incorporated firms: paid owners, officers, and staff

- Do Not Include:**
- Contractors and temporary employees not on your payroll
  - Unpaid family workers
  - Workers on unpaid leave
  - Owners, proprietors, and partners of unincorporated firms
  - Workers not covered by unemployment insurance

Enter Number of Employees

### Activities at this Worksite

- 6** Are any products manufactured or any goods produced at the worksite listed in Question 2?  
 Yes, Go to 6a & 6b  
 No, Go to 7
- 6a** Does the worksite listed in Question 2 manufacture any products or produce any goods for your company, or for sale by your company?  
 Yes  
 No
- 6b** Does the worksite listed in Question 2 manufacture any products or produce any goods under contract for other companies?  
 Yes  
 No
- 7** Does the worksite listed in Question 2 arrange for the manufacture of any products or the production of any goods outside of the U.S., either by a manufacturing facility owned by your company or by an independent manufacturer?  
 Yes  
 No
- 8** Does the worksite listed in Question 2 arrange for the manufacture of any products or the production of any goods inside the U.S. by an independent manufacturer? Exclude products manufactured by facilities owned by your company.  
 Yes  
 No

**If you answered *no* to Questions 6, 7, and 8, please skip to Question 10.  
 If you answered *yes* to Question 6, 7, or 8, please answer Question 9.**

<b>9</b>	For the manufacturing activities described above, does the worksite listed in Question 2:	Yes, for all products	Yes, for some products	No, not for any products	Don't know
	a. Determine the specifications or design for manufactured products or goods?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	b. Arrange for the manufacturing of products or goods?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	c. Own the products or goods?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	d. Set the sales price on the products or goods?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	e. Arrange for the sale of the products or goods?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	f. Assume any loss due to defective or unsold products or goods?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Sources of Revenue

<b>10</b>	What percent of the total revenue for the worksite listed in Question 2 comes from each of the below sources?			Percent of total revenue		
	<i>If you are unable to provide revenue percentage estimates, please complete Box B on Page 4</i>					
	a.	Manufacturing at this worksite for your company				%
	b.	Manufacturing at this worksite for other companies				%
	c.	Manufacturing done outside the U.S. for your company				%
	d.	Manufacturing done by another, unaffiliated, company inside the U.S. for your company				%
	e.	Other manufacturing, specify:				%
	f.	Largest single source of non-manufacturing revenue, specify:				%
	g.	All other revenue-generating activities				%
	<b>Total</b>			<b>1</b>	<b>0</b>	<b>0</b> %

- 11** In order to assign the correct North American Industry Classification System (NAICS) code to this worksite, we need information on the products your company sells.
- For all manufacturing activities described in Questions 6, 7, and 8, including those done at the worksite listed in Question 2 and those done elsewhere under contract for the worksite, what are the three best-selling product lines?

	Product Line	For each product line, report	→	% of sales revenue
1.			→	%
2.			→	%
3.			→	%

- 12** If you have any comments about this report, please note them here:

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Thank you for completing this report. Please return it using the self-addressed, stamped envelope.

**A**

Only complete this if you marked 'NO' for Question 3 on Page 1.

Our records show the main business activities, products, goods, or services at the worksite listed in Question 2 are:

[FILL]

If this is not correct, please enter your correct economic activity in the fields below.


Return to Question 4 on Page 1 to continue completing this form.

**B**

From which of the following activities does the worksite in Question 2 generate revenue?  
(mark all that apply)

- Manufacturing at this worksite for your company
- Manufacturing at this worksite for other companies
- Manufacturing done outside the U.S. for your company
- Manufacturing done by another, unaffiliated, company inside the U.S. for your company
- Other manufacturing, specify:

Return to Question 11 on Page 3 to continue completing this form.