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INTRODUCTION

We believe it will be worth your while to complete this survey; and to request a copy of the results that will be sent to all survey participants who make an honest effort to complete this survey questionnaire.

The participants in our Biennial Survey receive a forty-plus page results document complete with graphical responses to questions. Our 1998 participants were completely satisfied with the summary they received and sent us only accolades for our research work. We will again do the right thing with this 2000 survey for those professionals who take the time to complete credible survey questionnaires within our required timeframes. We appreciate your commitment of time and rigorousness in completion of this survey. We will keep your responses confidential.

PLEASE RETURN SURVEY BY AUGUST 15, 2000. SEE DIRECTIONS ON BACK PAGE. THANK YOU.

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This survey covers five significant areas where there is currently a great deal of industry activity. The patterns that will be revealed by the results of this survey will be of significant interest to managers and decision makers in your organization.

- A. Respondent Profile
- B. R&D Linkages To Corporate Strategy
- C. Portfolio Management Metrics
- D. Product Selection Metrics
- **E.** Product Success Metrics
- F. R&D Metrics Used In Industry

SECTION A RESPONDENT PROFILE

The purpose of this initial section is to be able to correctly categorize your company within the population of companies that will respond to this survey. Persons, such as yourself, who wish to compare their response to the overall results, usually want to compare with other companies of similar size and type. We are trying to do a good job here on assessing one of the most sensitive up-front tasks in order to achieve the end results that most people seek. Please do your best to characterize your response. The format for Section A is the exact same format as the 1998 GGI R&D Metrics Survey which was well accepted.

Title: Company Name:		hich the survey results will be mailed.
Phone:	Fax:	E-Mail:
Would you like a copy of the	ne results of this survey?	□ Yes or □ No



A2. Is this a \Box public or \Box private	e company?	
A3. For what type/scope of company or or metrics in this survey? [Check On ☐ Parent Corporation [A P/L Unit] ☐ Strategic Business Unit/HQ [A P/L Division/Business Unit/Grp [A P/L Division/Business Unit/Business Unit/Grp [A P/L Division/Business Unit/Business Unit/B	e That Best Applies] □ Functional Org/ /L Unit] □ Manufacturing l	Dept. [Cost Center] Plant [Cost Center]
A4. Identify your company's industry or	service: [Check One That Best App	lies]
☐ Aerospace ☐ Automotive ☐ Chemical ☐ College/Univ. R&D ☐ Communications ☐ Computers ☐ Construction ☐ Consulting/Services ☐ Consumer Products	☐ Defense ☐ Durable goods ☐ Education ☐ Electronics ☐ Engineering/Contract Design ☐ Food ☐ Heavy Machinery ☐ Industrial products ☐ Materials	 ☐ Medical Products ☐ Metals ☐ Oil/Gas ☐ Pharmaceuticals ☐ Research/Nat'l Labs ☐ Semiconductors ☐ Telecomm. Products ☐ Textiles ☐ Other Ind
☐ Software-Web	☐ Software-Digital	☐ Software-Embedded
☐ Consulting ☐ Government	☐ Market Research ☐ Utility	☐ Financial Services ☐ Other Svc
A5. Sales revenue over your last full year \square <\$25M \square \$25-100M \square \$1-5B \square >\$5B	: [Check One That Best Applies] □ \$100-250M □ \$250-500N	и □ \$500М-1В
A6. Number of full-time employees: ☐ 1-500 ☐ 500-10 ☐ 10,000-25,000 ☐ 25,000		□ 5000-10,000
A7. Please indicate the types of manufact [Check All That Apply] ☐ Process Mfg ☐ Repetition		s discussed in this survey: Shop/Customized Mfg
A8. Places your company does business:	Nort Amer Sales □ R&D □ [Check All That Apply] Mfg □	
A9. What function do you personally perform	orm in the company? [Check One T.D/Engrg	



SECTION	B

R&D LINKAGES TO CORPORATE STRATEGY

Corp	orate/B	susiness-Wide Metrics				
	B1. How many metrics are in the set of metrics that are used to measure and/or steer the company as a whole? This question pertains to all functions across the company, i.e. the company as a whole including R&D and product development activities.					
	a.	My company <i>does have</i> a clearly defined "set of metrics" that is known by most people.				
		The number of metrics in the set is Number				
	b.	My company does not have a clearly defined set, but the number can be derived.				
		I have derived/estimated an answer by adding up the number of metrics reported by staff members at company meetings. Therefore, the number of metrics in the company-wide "set of metrics" determined by way of my calculation for the purposes of completing this				
		survey is: Ten or Less Metrics 101-125 Metrics				
		11 - 25 Metrics				
		26- 50 Metrics \square 150-175 Metrics \square				
		51- 75 Metrics				
		76-100 Metrics				
	c.	☐ My company <i>does not have</i> a clearly defined set, and the number <i>cannot</i> be derived.				
R&D	Metric	s				
B2. R&D a		nany metrics are in the set of metrics that are used by R&D Officers to measure and/or steer le? This question pertains solely to R&D and related product development activities.				
	a.	R&D does have a clearly defined "set of metrics" that is known by most R&D managers.				
		The number of metrics in the set is Number .				
	b.	R&D does not have a clearly defined set, but the number can be derived.				
		I have derived/estimated an answer by adding up the number of metrics reported by staff members at company meetings. Therefore, the number of metrics in the company-wide "set of metrics" determined by way of my calculation for the purposes of completing this survey is:				
		Ten or Less Metrics ☐ 101-125 Metrics ☐ 11 - 25 Metrics ☐ 126-150 Metrics ☐ 150-175 Metrics ☐ 150-175 Metrics ☐ 176-200 Metrics ☐ Greater Than 200 Metrics ☐ Greater Than 200 Metrics ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐				
		70-100 Metrics — Greater Hair 200 Metrics —				

☐ R&D *does not have* a clearly defined set, and the number *cannot* be derived.



R&D Metrics Linkages

- B3. Please refer to your answers to the two questions above to answer this next two-part question.
 - a. Using your answer to "B2," the total number of R&D measures being used, how many of these R&D measures are also part of the overall company-wide "B1" set of metrics?
 - b. % R&D Metrics In Company-Wide Metrics Portfolio =

Number R&D Metrics In Company-Wide Portfolio = [B3a]= %

Total Number Of Metrics In Company-Wide Set [B1]

r		
SECTION C	PORTFOLIO MANAGEMENT METRICS	

Portfolio Frameworks

	Which of the three framewors to categorize products? For I that closely align with the term	each framework u	sed, please	indicate any individual elen	nents of the
	a. Product Family Model	☐ b. Product Typ	e Model	☐ c. Project Size Model	
	Line Of Business Product Family Product Line Product	Platform Major Derivative Derivative Extension Sustaining		Large Project/Program Medium Project Small Project	
	OR , □ d. My company doe	s not use any of the	3 above fra	nmeworks for product/projec	et analysis.
Portf	olio Population				
C2.	a. About how many products	s are currently in th	e "released/	active product portfolio."	Number
	used is: [Check One Box 1. All SKU one. 2. All SKU spare parts. 3. All SKUs	Only] s that the factory v s currently listed i s currently listed in	will produce n the current/a	ately represents the counting e/sell if a customer order is nt/active sales catalog, end active sales catalog, end item ay have many variations, co	s placed for titems and



	5.6.	items/mo	odels.					each o			Ū	
C3.	a Ab	out how m	nany produc	ets are cu	irrently in	the "R	&D backl	og produ	ct portfoli	io."	Numbe	er.
	[Cho 1. 2. 3. 4. 5.	All SKUs All SKUs All SKUs All SKUs Product I Only agg	method" be ox Only] s that the facts to be listed to be listed Lines/Mode gregate Producthe counting	ctory will din the odd in the odd	ll produce current/ac current/ac of which ilies/Line	e/sell if tive sal- tive sal- may ha	a custome es catalog es catalog ve many of which	er order is s, end iten s, end iten variations has many	s placed for ns and spans only. s, colors, or end item	or one. are parts. etc ns/models		
Portfo	olio Dy	ynamics										
assume produc suppor answer produc	ed for dot is expet that me the ed and ed produce	decisions because to so any occurs first colune for sold to at line busing the soluments.	ough the moeing made is sell in the mosubsequent in then, in support or inesses prob	in the yearketpla to the ac n the sec service t	ear 2000? ace before tual retire cond colu the produ	The property in the property of the property o	roduct life Is to be re If the proclicate the equent to	e cycle is eplaced. I luction of number out the produ	the lengt Do not in f the prod of years th action of t	th of time aclude sp luct itself at spare the produ	e that eare pare. Put the parts act its	the arts this are self.
	Produc	ct Life Cyc	cle - Initial I	Number	Of Years	Part	s-Only C	ycle - Afte	er Produc	t Life Cy	cle Eı	nd
	a. 1st	Line of B	usiness	Ye	ears	aa.	1st Line	of Busine	ess	Years		
	b. 2n	d Line of I	Business	Ye	ears	bb.	2nd Line	e of Busir	ness	Years		
	c. 3rd	l Line of E	Business	Ye	ears	cc.	3rd Line	of Busin	ess	Years		
	d. 4th	Line of E	Business	Ye	ears	dd.	4th Line	of Busin	ess	Years		
	e. 5th	Line of B	Business	Ye	ears	ee.	5th Line	of Busine	ess	Years		
	or, □	f. My co	ompany doe	es not tra	ck or cal	culate p	roduct or	parts life-	cycles.			
C5.			product lift in the year 2						mpany p	ortfolio	currei	ntly
	a. PLo	C Is Increa	asing. [Sell i	for longe	er periods	than in	the past.]	Yes	100 %]	
			easing. [Sell		•		•	_	.] Yes	100 %]	



2000 Product Development Metrics Survey

of the portfolio is Increasing or Decreasing. All PLC's are stable at this time.
100 %
C6. The "CYS/PDTPRITPNY" metric is one of the most popular R&D metrics in use by industry. It was first popularized by 3M in the late 1980s. It stands for "Current Year Sales/Profits Due To Products Released In The Prior N Years." It is an indicator of the newness of the released/active product portfolio. [If your company already maintains this metric, then the question is easy. If your company only recently started calculating the metric, then put "NC" in the boxes for the FYs that your company did not calculate the metric. If your company does not maintain the metric, then check "g" and proceed to Question C7.]
a. In FY 1995, of company sales was due to new products released within the prior years. In FY 1995, of company profit was due to new products released within the prior years.
b. In FY 1996, of company sales was due to new products released within the prior years. In FY 1996, of company profit was due to new products released within the prior years.
c. In FY 1997, of company sales was due to new products released within the prior years. In FY 1997, of company profit was due to new products released within the prior years.
d. In FY 1998, of company sales was due to new products released within the prior years. In FY 1998, of company profit was due to new products released within the prior years.
e. In FY 1999, of company sales was due to new products released within the prior years. In FY 1999, of company profit was due to new products released within the prior years.
☐ f. Our company maintains this metric but does not disclose it. ☐ g. Our company does not calculate the CYS/PDTPRITPNY metric.
C7. Is there an active product obsolescence and/or product retirement practice at your company that
occurs on a frequency of not more than every two years? Or, do old products just sort of fade away
over time as fewer and fewer orders are placed for them? [Check Only One Box]

Portfolio Analysis

Numerous frameworks for R&D and product portfolio analysis have been in use in industry for many decades. Below are some of the more popular frameworks that companies use. Which of the frameworks below, if any, does your company formally <u>and</u> consistently use? [Check All That Apply]



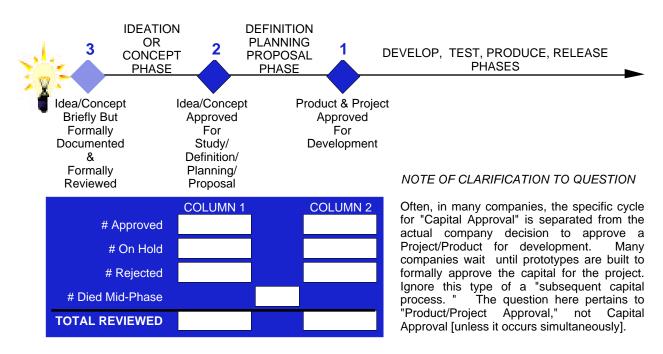
- 	☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	Overall	Product
Ma	arket Overall nare \Box_b . Return	Product Life Cycle	Product Investment
	duct Technical mance \Box f. Risk	Ö Nation WR Grace WATRIX Book Ability To Do	$ \begin{array}{c c} & & & & & \\ & & & & & \\ & & & & & \\ & & & &$
SECTION D	PRODUCT SELECTION	N METRICS	
Critical Selection	Variable		
specifications for any	given product to be success:	ful, which of the follow	the product requirements and ving execution criteria is usually our company. [Check One Box
a. Time-7b. Target	Γο-Market □ Product Cost □ ppment/Capital Cost □	e. Other	s Widely By Product : ure of the answer
Selection Process			
	cision to either formally appr		definition/proposal before finally a proposed R&D product and/or
a. 2.5-Step	First a simple short, probabl	ly one-page, description	of the idea is discussed.
Ц	Little work has been perform At this time, it is either kille		
b. 2- Step	First a preliminary marketin At this time, it is either kille		
c. 1- Step	A single top management m A complete comprehensive work leading up to this mee	plan/analysis has been p	
d. No Step	A single organization determ There is no cross-functional		s/projects to be done.
e. Other			



Selection Process Metrics

D3. If you answered "d" or "e" to Question D2 above, then skip this question and continue with Question E1. If you answered Question D2 above with either "a," "b," or "c" you should be able to answer this question. This question measures "throughput and yield rate" of product selection decisions made during a <u>one-year period</u>. Does your company approve every product/project presented, or do some products/projects not get approved? [If you have a "1-Step Process," fill out only "Column 2" in the box below. If you have a "2-Step or 2.5 Step Process," fill out "Columns 1 and 2" and "Died Mid-Phase."]

My Company Does Not Perform Any Of The Metrics/Activities Listed Below



SECTION E PRODUCT SUCCESS METRICS

E1.	What is the historical success	s rate of the products your company launches? It is well d	ocumented
that	company success rates range fro	om as low as 10% success to as high as 90% success. W	hat is your
com	pany new product success rate?	[Enter Two Numbers That Total 100%]	

- E2. What is the primary financial measure that is used to determine a product's success or failure at your company. If your company does not calculate a financial return for R&D investments, please check only the first box thereby identifying your company as a "Judgment Company." [Check One Only]
 - a. Judgment Companies Companies not using financial criteria□
 - b. Financial Companies



_	Payback Internal Rate Of Return Net Present Value Return On Investment Return On Assets Return On Net Assets	IRR	Break Even Time Time To Profit Composite Measure- of severs Other: Our primary measure not liste Not sure of the answer	🛚
Г	Return On Capital Employed	ROCE □		
measure ider investment?	t is the sales/revenue/profit forentified in Question E2? What is If your company does not calcuthereby identifying your company	the length of th late a financial	e revenue/profit stream used to return for R&D investments, p	justify an R&D lease check only
a. Ju	adgment Companies Compa	anies not using	financial criteria□	
b. Fi	inancial Companies 6-Months 9-Months One Year 18-Months Two Years Three Years		Four Years Five Years Six To Ten Years More Than Ten Years Other: Not sure of the answer	
management each new pr	e post-launch project/product t team consisting of marketing, e oduct for the purpose of seeing ck One Box Only]	engineering, ma	nufacturing, finance, and/or otl	her functions for
	all new products are systematica some new products [not all] are Approximate percentage w	systematically	,	
No, i	ndividual functions and/or mana cross-functional post-launch proj	-		nctions
	ere specific target points after a periodic and/or annual operation			
As a	batch across active products	Yes or No	Targeted project/product revie	ews** Yes or No
	views are targeted** on a per pr			

ĢI
G-

If reviews are targeted** on a per product basis, what is the average number of times project/product [targeted to be a reviewable one] is reviewed after it is actually launched? SECTION F R&D METRICS USED IN INDUSTRY Section F consists of one single long question. This question from the well regarded 1998 Survey repeated in the 2000 Survey. The results from this question in 1998 jumped off the page. It turned on that there are very few metrics that are commonly and widely used by R&D organizations. The results of the 2000 survey will be contrasted to the 1998 findings so first time participants in the 2000 survey will get the benefits of both surveys. For those persons that simply cannot bear to wait, please refer to the February 2000 issue of CFO Magazine published by The Economist.	
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	ut of ill
F1. Which of the following R&D metrics are "in use" at your company? To qualify as "in use," these metrics should: (1) be measured at least on an annual basis; (2) be visible to <i>all</i> members of the to management group as active ongoing tools; (3) be stored in a manner that numerous people in the organization could find them easily; and (4) have some reliability in that the method used to calculate them is consistent from year to year. Please be strict in applying this definition of "in use" when responding the measures listed for your consideration below. [Check All That Apply]	p he m
Revenue Management Current-year % sales due to new products released in the past N-years	
Current year 70 sales due to new products released in the past iv years	
If used, what is $N = \frac{Number}{y}$ year(s) (i.e., past 1, 2, 3, 4, 5 years)	
Average first- N year(s) sales of new products	
If used, what is $N = [Number]$ year(s) (i.e., past 1, 2, 3, 4, 5 years)	
Average N-year sales of new products	
If used, what is $N = \frac{1}{Number}$ year(s) (i.e., past 1, 2, 3, 4, 5 years)	
Current-year % sales due to total Non Recurring Engineering Billings Current-year % sales due to total technology licensing Current-year % sales due to total royalty income	
Profit Management Current year % profits due to new products released in the past N years	
Current-year % profits due to new products released in the past N-years If used, what is $N = \frac{N_{\text{umber}}}{N_{\text{umber}}}$ year(s) (i.e., past 1, 2, 3, 4, 5 years)	



	Average first- N year(s)	profits of new products	
	If used, what is l	$N = \frac{\text{Number}}{\text{year(s) (i.e., past 1, 2, 3, 4, 5 years)}}$	s)
	Average N-year profits of	of new products	
	If used, what is I	N = year(s) (i.e., past 1, 2, 3, 4, 5 years	s)
Productivity Mana	Current-year % profits d Current-year % profits d	ue to total Non Recurring Engineering Billings ue to total technology licensing ue to total royalty income	
•	Average sales per engine	eer or developer or scientist neer or developer or scientist	
П	Average new products re	eleased per engineer or developer or scientist	
Ц		les per engineer or developer or scientist ofits per engineer or developer or scientist	
	Average number prototy % First pass design succ	rpes built per new product cess	
Investment & Capa	•	& Backlog Management	
	R&D spending as a % of [Managed as a si	f sales [Managed As A Single Number] ngle number across the organization.]	Ш
	R&D spending as a % of [Research spending As a % of R&D spending as	f sales ing managed separate from Development spend	
	Average development co	ost per project/product	
	Average capital cost per	project/product	
	R&D capacity plan targe % Over/under R&D capa		
	% Increase/decrease in R&D headcount % Resources/investment dedicated to new product development % Resources/investment dedicated to sustaining existing products		
	•	nternal-To-Engineering staffing ratios Pross-Functional staffing ratios	
		pts accepted/rejected	
	# of products in definition/planning/estimation stages % of defined products/projects accepted/rejected		
	-	oproved but not started [inactive backlog]	



	# of products/projects in active development [active backlog] # of products released and being actively supported # of products retired/obsoleted	
	Average # factory products supported per engineer or developer or scientist Average # active projects/ products per engineer or developer or scientist	
Intellectual Proper	rty Management	
	Total patents filed/pending/awarded Average patents per development professional	
	Total industry standards planned/pending/achieved	
	Total licenses granted and/or acquired	
	Total value of licenses granted and/or acquired	
	Total grants received Total value of grant revenues received	

PLEASE RETURN YOUR SURVEY BY AUGUST 15, 2000

SEND BY MAIL TO

Ms. Lisa Mosquera Research Associate Goldense Group, Inc. 6 Bigelow Street Cambridge, MA 02139

617-876-6776 ext. 201

FAX IT TO US

617-876-6766

No cover page is necessary. Simply drop it in the fax machine. Your name and contact information is already on the first page of the questionnaire.

Thank you.

IF YOU HAVE QUESTIONS OR NEED CLARIFICATION

Mr. Jonathan Gilmore
Manager, Research & Education Products
Goldense Group, Inc.
6 Bigelow Street



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For survey results please visit our online-store at http://www.goldensegroupinc.com/cgi-bin/catalog.cgi