

2016 BRDI-M - Guidelines

General guidelines for reporting to this survey:

Please respond for the business named in the address label of the letter or questionnaire. If the company's name has changed, please note this in the comments section at the end of the survey. Report for your company's domestic U.S. operations only, including all majority-owned U.S. subsidiaries, unless explicitly instructed otherwise.

Overall Company Information

1. Was your company a majority-owned subsidiary of a foreign company in 2016?

Question 1 asks about the ownership of the company receiving the survey. Special reporting instructions apply to companies that were majority-owned by a foreign company.

REPORTING INSTRUCTIONS FOR FOREIGN-OWNED COMPANIES:

If your company is owned by a foreign parent, the reporting unit for this survey is your U.S.-located company, including all your majority-owned subsidiaries and divisions located in the domestic U.S.

For reporting purposes, your foreign parent and any other foreign affiliates your company does not own should be treated the same as any business partner, customer, or supplier you do not own.

If you pay your foreign parent for R&D services or if your foreign parent pays or reimburses your company for R&D services, those costs should be included in your response to Questions 23 through 28.

2. Did another U.S. company own more than 50 percent of your company during 2016?

Question 2 asks about the ownership of the company receiving the survey.

If your answer is "No", continue to Question 3. If your answer is "Yes", skip to Question 44.

Why is this important?

Companies are asked this question to eliminate double counting in cases where both parties in a business acquisition receive the survey.

3. Has your company ceased operations?

Question 3 asks whether or not the company receiving the survey is still in business.

Companies operating under Chapter 11 bankruptcy are still required to complete this survey.

4. Please describe your company's primary business activity during 2016.

Why is this important?

This information is needed in order to tabulate more accurate and useful industry-level data.

5. What year did your company start?

Question 5 asks for the year the company receiving the survey started operations. Typically this coincides with the year your company first obtained an EIN (Employer Identification Number) or first filed a tax return, whichever is earlier.

Why is this important?

This information allows policymakers and economists to evaluate the role of younger startup companies in the economy compared to older, more established companies.

Human Resources

6. For the pay period including March 12, 2016, how many people worked for your company, including those paid through grants?

Question 6 asks for the number of people who worked for your company on either a full-time or part-time basis in the United States. In order to collect consistent data from all companies, the employment figure reported should be for the pay period that included March 12, 2016. If this is not possible, companies should report employment for the date closest to March 12, 2016.

Please count each person only once.

Owners of the company who are paid a salary or wages by the company should be reported in line a. Other owners who worked for the company should be reported in line b.

Non-owner employees of the company (workers issued a W-2 by the company for salary or wages) should be reported in line c.

Leased or temporary employees, contractors, and consultants should be reported in line d.

Include those employees paid via stock options or futures in line d.

In line d, exclude individuals who provide services to the company, but who do not work under the supervision of company management, such as a plumber who fixes a clogged sink or an attorney who reviews a patent application.

Other unpaid individuals who worked for the company on a volunteer basis should be reported in line e.

Why is this important?

This information is needed to evaluate how small businesses meet their labor needs.

7. Not counting those listed in question 6, which of the following were key people you used as advisors for your company during the past year?

Question 7 asks you to indicate the types of key advisors, not counting workers reported in Question 6, your company used in 2016.

8. If your company hired an employee within the last three years, answer the following about your most recent hire:

- a. He/she performs the same tasks we performed before hiring him/her.
- b. We hired him/her to get skills we otherwise would not have had.
- c. We hired him/her to take over certain tasks.

Question 8 asks about your most recent hire in the last three years.

- a) He/she was hired to perform tasks already performed by other workers. For example, hired an additional worker, increasing staff, to assist with the current workload.
- b) And/or he/she was hired to acquire skills not possessed by other workers at the company.
- c) And/or he/she was hired to take over tasks that had been performed by another worker. For example, hired a new worker to replace a current employee who either is leaving the company, or is changing positions within the company. The number of employees did not change.

9. Does your company have any employees who reside outside the United States?

Question 9 asks whether your company has any employees who live outside the United States.

Why is this important?

This question provides an indicator of globalization in small companies.

Financial Information

10. What was the amount of your company's sales and revenues, including grants, during 2016?

Please round to the nearest one thousand dollars. Your best estimate is fine.

Report sales and revenues from your company's domestic operations only. If your company is owned by a foreign parent, report sales to your parent and those affiliates not owned by your company.

Exclude non-operating income such as dividends and interest as well as excise, sales, and other revenue-based taxes.

For sole proprietors this amount is equal to that reported on line 3 of IRS Form 1040, Schedule C (receipts or sales net of returns and allowances).

11. Approximately what share of your company's 2016 revenues and grants came from the following?

- a. Selling goods to customers, including other companies
- b. Selling services to customers, including other companies
- c. Licensing
- d. Grants
- e. Other (specify)

Question 11 asks how your company earned its revenue: by (a) selling physical goods, this includes software; (b) selling services; (c) licensing intellectual property; (d) receiving grants; or (e) from some other sources.

12. Approximately what percent of your revenues for 2016 were from customers in the United States and its territories?

If none, enter zero.

The U.S. territories include Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands.

Why is this important?

This question provides an indicator of globalization in small companies.

13. During 2016, did your company try to get funding (e.g., loans, investments, or gifts) from the sources listed below?

- a. Owners' personal assets or credits
- b. Banks or credit unions
- c. Friends or relatives
- d. Angel investors
- e. Venture capital or private equity
- f. Federal government's Small Business Technology Transfer Program (STTR) or Small Business Innovation Research Program (SBIR) or other grants
- g. Crowdfunding (such as through Indiegogo or Kickstarter)
- h. Other (specify)

Question 13 asks about the various sources of funding your company may have used during 2016. Possible sources of funding not listed include private stock issues and collaborations or partnerships with other companies.

Innovation

14. Did your company sell any goods or offer any services during the last three years?

Question 14 instructs you to skip to Question 18 if your company sold no goods or services during the last three years.

15. During the last three years, did your company do the following regarding the introduction of a good or service your company offers?

The new good or service should be new or significantly improved with respect to its characteristics or intended uses. Do not include adaptation or customization of your company's goods or services for a specific client's needs.

- a. Offered a new good or service that no company has ever offered before
- b. Offered a new good or service that your company has never offered before
- c. Significantly improved a good or service's performance by making changes in materials, equipment, components or software
- d. Developed a new use for one of your goods or services with only minor changes to its technical specifications
- e. Added a new feature to one of your goods or services that enhance the performance of your company's goods or services
- f. Made it significantly easier for customers to use one of your goods or services (e.g., easier access, more user friendly)

For line b, exclude the simple resale of new goods purchased from other companies.

Exclude changes of a solely aesthetic nature.

16. During the last three years, did your company do the following regarding the production or delivery method for the goods or services your company offers?

- a. Used a new way of purchasing, accounting, computing, maintenance, inventory control, or other support activities to produce or deliver your goods or services
- b. Used a new way to distribute your goods or services to reduce costs
- c. Introduced techniques, equipment, or software that are new to your firm to significantly improve the goods or services you offer
- d. Made significant improvements in techniques or processes by increasing automation, decreasing energy consumption, or using software
- e. Decreased production costs by significantly improving the materials, components, or software inputs
- f. Changed methods to deliver your company's goods or services faster or more reliably

Question 16 asks whether the company introduced any innovations in production or delivery over the past three years. For the purpose of this question, "new or significantly improved" is in reference to the company's prior experience.

17. During the last three years, did your company do the following regarding significant changes in product design or packaging, product placement, product promotion or pricing?

- a. Made significant changes to the design or packaging of a good or service other than changes that alter how it is used
- b. Promoted your company's goods or services in a way that represents a significant departure from your company's existing marketing methods
- c. Used new ways to sell your company's goods or services (e.g., first time use of franchising or distribution licenses, direct selling, exclusive retailing, new concepts for presentation of your goods or services)
- d. Used new pricing methods or strategies to market your company's goods and services
- e. Created or opened up a new market for your company's goods or services

Question 17 asks whether the company introduced any innovations in product design, promotion, sales, or pricing over the past three years. For the purpose of this question, "new or significantly improved" is in reference to the company's prior experience.

18. During the last three years, did your company do the following regarding significant changes in your company's business practices, workplace organization or external relations?

- a. Implemented new methods to improve internal processes or deliver goods or services (e.g., introduce supply chain management systems or business re-engineering, lean production and quality management systems)
- b. Applied new methods or processes to improve workplace organization (e.g., education and training systems to improve learning and sharing, implement changes in workplace responsibilities or authority of managers and employees)
- c. Started a new way of interacting with other firms or organizations (e.g., alliances, partnerships, outsourcing, subcontracting)

Question 18 asks whether the company introduced any innovations in business practices, organization, or external relations over the past three years. For the purpose of this question, "new or significantly improved" is in reference to the company's prior experience.

Intellectual Property

19. How many U.S. patent applications, if any, does your company currently have pending?
If none, enter zero.

The intent of this question is to gather information about the output of companies' research and development and other innovative activities. It is recognized that companies do not attempt to patent every invention, and that not every patent application results from an organized R&D activity. Please include all patent applications in your response to this question, regardless of each patent's relation to R&D.

Exclude the following continuing patent applications that do not add subject matter claimed in the parent patent application: continuation applications, requests for continued examination, divisional patent applications, and reissue applications. These types of patent applications are excluded to avoid double counting applications for the same subject matter. Continuation-in-part applications should be included because they add subject matter not claimed in the parent patent application.

Exclude provisional patent applications. Provisional patent applications are used to establish an early filing date, but they cannot result in an issued patent unless the applicant files a complete non-provisional patent application within one year of filing the provisional patent application.

Include applications for utility patents (also known as patents for invention), design patents, and plant patents.

Include patent applications filed for jointly with entities external to your company such as other companies or individuals.

Foreign-owned companies that apply for U.S. patents on behalf of their foreign parents should only report the patent applications originating from its own operations. Patents filed on behalf of others not owned by the company (such as a foreign parent) should be excluded.

20. How many U.S. patents does your company currently own?

If none, enter zero.

Include utility patents (also known as patents for invention), design patents, and plant patents.

Please include all patents that your company holds, regardless of each individual patent's relation to R&D.

Include joint patents obtained by your company in collaboration with external entities, such as other companies or individuals.

21. Please indicate whether or not your company did each of the following during the last three years.

- a. Transferred intellectual property (IP) to others not owned by your company through participation in technical assistance or "know how" agreements
- b. Received IP from others not owned by your company through participation in technical assistance or "know how" agreements
- c. Participated in cross-licensing agreements in which two or more parties grant a license to each other for the use of the subject matter claimed in one or more of the patents owned by each party
- d. Allowed free use of patents or other IP owned by your company (e.g., allowing free use of software patents by the open source community)
- e. Made use of open source patents or other freely available IP not owned by your company

Question 21 asks the company to indicate whether or not it performed any of a specific list of technology transfer activities in the last three years.

22. During the last three years, how important were the following?

- a. Utility patents (patents for inventions)
- b. Design patents (patents for appearance)
- c. Trademarks
- d. Copyrights
- e. Trade secrets
- f. Nondisclosure agreements

Question 22 asks the company to indicate the importance of different methods of intellectual property protection to its business.

Research and Development (R&D)

Research and development (R&D) comprise creative and systematic work undertaken in order to increase the stock of knowledge and to devise new applications of available knowledge.

23. During 2016, did your company do any of the following R&D activities? Include activities that:

- *Your company performed*
 - *Others paid your company to do*
 - *Your company paid others to do*
- a. Conducted work that might lead to a patent
 - b. Developed and tested prototypes, services, or processes that were derived from scientific research or technical findings
 - c. Developed software that advanced scientific or technological knowledge
 - d. Produced findings that could be published in academic journals or presented at scientific conferences
 - e. Applied scientific or technical knowledge in a way that has never been done before
 - f. Created new scientific or technical solutions that can be generalized to other situations
 - g. Conducted work to discover previously unknown technological facts, structures, or relationships
 - h. Conducted work to extend the understanding of scientific facts, relationships or principles in ways that could be useful to others

Question 23 asks the company to indicate whether it had any of a variety of activities considered to be research and development (R&D). Report only for your company's U.S. operations if your company has operations or subsidiaries in other countries.

Research and development activity in software:

Does R&D include development of software and Internet applications?

- Yes, as long as the research and development activities include an element of uncertainty, are intended to close knowledge gaps, and meet scientific and technological needs.
- Report in this survey all software R&D as defined here regardless of the eventual user (internal or external).

R&D activity in software INCLUDES:

- Software development or improvement activities that expand scientific or technological knowledge.
- Construction of new theories and algorithms in the field of computer science.

R&D activity in software EXCLUDES:

- Software development that does not depend on a scientific or technological advance, such as:
 - supporting or adapting existing systems
 - adding functionality to existing application programs, and
 - routine debugging of existing systems and software
- Creation of new software based on known methods and applications.
- Conversion or translation of existing software and software languages.
- Adaptation of a product to a specific client, unless knowledge that significantly improved the base program was added in that process.

24. Did you answer “Yes” to any activities in Question 23?

Question 24 instructs you to skip to Question 30 if your company had no R&D activities in 2016.

25. What was the total cost (both direct and indirect) in thousands in 2016 for all the R&D activities you answered “Yes” to in Question 23?

Your best estimate is fine. Please include all costs:

- Salaries, wages, fringe benefits
- Equipment, materials, supplies, software
- Rent, utilities
- Consultants, contractors

Question 25 requests the total costs for the company’s R&D activities in 2016. Total R&D costs include both direct costs such as salaries of researchers as well as administrative and overhead costs clearly associated with the company's R&D.

Include costs for R&D paid for by your company as well as costs for R&D paid for by others such as customers or business partners. Also include payments made by your company for R&D services performed by (i) unrelated third parties, (ii) affiliates for which your company has less than a 50% ownership stake and/or (iii) your foreign parent, if your company is foreign-owned.

Do NOT include capital expenditures, regardless of their relation to R&D, in your response to Question 25.

26. Of the total R&D amount you reported in Question 25, what percent was for each of the following types of costs?

- a. Salaries, wages, and fringe benefits for company's employees
 - Include costs for all compensation and benefits of R&D employees and owners that are included in the R&D paid for by the company.
 - Stock-based compensation should be reported in line d.
 - Include payroll taxes such as Social Security and Medicare.
- b. Equipment
- c. Software purchases and licenses
- d. Other costs (e.g., consultants, contractors, travel, rent)
 - Include costs paid to Professional Employer Organizations (PEOs), staffing agencies, and on-site consultants for personnel contributing to R&D.
 - Include costs for materials and supplies consumed for R&D.
 - Include payments made to contract research organizations or other parties performing R&D under contract for the company.
 - Include royalties or licenses paid for patents used in the company's R&D.
 - Stock-based compensation
 - Do NOT include capital expenditures, regardless of their relation to R&D, in your response to Question 26.

27. Of the total R&D amount you reported in Question 25, how much was paid for by the following sources?

- a. Your U.S. company
- b. Your foreign owner (if your company is foreign owned)
- c. Another U.S. company
- d. U.S. university or college
- e. U.S. non-profit organization
- f. U.S. Federal government (including R&D grants)
- g. U.S. State or Local government (not including state universities)
- h. Other (specify):

Question 27 asks the company to report how much of its R&D was paid for by different types of organizations. In the case of sub-contracting agreements, report the original source of funding.

Example: Company Sub Inc. performs custom software development for a large defense company as a subcontractor on a U.S. Dept. of Defense contract. Even though Sub Inc. is working directly for the defense company, it reports the cost of this development in line f because the Dept. of Defense was the original source of funds.

28. Of the total R&D amount you reported in Question 25, how much was for the following categories?

- a. **Basic Research** – activities aimed at acquiring new knowledge or understanding without specific immediate commercial applications or uses
- b. **Applied Research** – activities aimed at solving a specific problem or meeting a specific commercial objective

c. **Development** – systematic work, drawing on research and practical experience and resulting in additional knowledge, which is directed to producing new products or processes or to improving existing products or processes

29. How many people worked on the R&D activities you reported in Question 23 for the pay period that included March 12, 2016?

- a. Owners
- b. Employees who received a W-2 issued by your company for salary or wages
- c. Other paid workers (e.g., contractors, consultants, temporary workers)
- d. Unpaid workers
- e. Total

Question 29 asks the company to report how many of its workers worked on R&D. Include individuals who work on R&D or who provide direct support to R&D, such as researchers, R&D managers, technicians, clerical staff, and others assigned to R&D groups.

Exclude workers who provide only indirect support to R&D, such as corporate personnel, security guards, and cafeteria workers.

Your Company Strategies

30. How important is each of the following in how your company seeks a competitive advantage?

- a. Your low prices
- b. The quality of your goods services
- c. Your unique goods/services
- d. The convenience you offer
- e. Your reputation
- f. Please list any other important reasons for how your company seeks a competitive advantage

31. How important is each of the following to your company's future success?

- a. Updating or improving an existing good or service
- b. Developing a good or service that will save customers' money
- c. Developing a good or service that will improve current customers' experience
- d. Having a formal business strategic plan in writing
- e. Partnerships with other businesses
- f. Partnerships with one or more universities
- g. Providing customized goods or services

32. Where would you like for your company to be in five years? Check all that apply.

- Company will have a larger number of employees
- Company will have about the same number of employees as it has currently
- Company will be purchased by another company
- Uncertain
- Other (specify):

About the Owner

If your company has more than one owner, answer for the owner with the most responsibility for the direction of the company.

33. How important to you are each of the following reasons for owning your company?

- a. Wanted to be my own boss
- b. Flexible hours
- c. Opportunity for greater income
- d. Best avenue for my ideas/goods/services
- e. Had to start company to find work
- f. Please list any other important reasons for owning your own company

Why is this important?

These responses will help to classify your answers and help us to understand more about micro-businesses in the US.

34. Approximately, how many hours each week do you work at this company?

Include all hours whether paid or unpaid.

Why is this important?

These responses will help to classify your answers and help us to understand more about micro-businesses in the US.

35. Is this the first company you started?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

36. Not including the company discussed in this questionnaire, what is the status of the company you started most recently?

- Company is still in business and I still own it
- Company is no longer in business
- Company was purchased by another company
- Company was purchased by another individual
- Other (specify):

37. What is the highest level of education you completed?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

38. What was the major field of study for your highest degree?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

39. Are you Hispanic or Latino?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

40. What is your race?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

41. Are you male or female?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

42. Where were you born?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

43. Are you a U.S. citizen?

Why is this important?

These responses will help to classify your answers and help us to understand more about the demographics of micro-businesses in the US.

Contact Information

44. Please provide the following information for the person we may contact regarding the answers to this survey.

Why is this important?

This information gives the Census Bureau a single point of contact at each company surveyed in case questions arise about survey responses. The point of contact for this survey may differ from that for other Census Bureau surveys.

45. Approximately how long did it take to complete this survey?

Question 45 asks you to estimate the time in hours and minutes that it took to complete this survey. This helps us understand the amount of burden the survey places on companies.