

INTRODUCTION & Table-Of-Contents

We believe that it will be worth your while to complete this survey and request a copy of the results that will be offered to survey participants. This survey covers three significant areas where there is a great deal of current industry activity, the patterns of which may be of interest to decision makers in your organization.

After getting a good definition of your company or organization in Section A, Section B sets out to explore the first hot area. One of the most frequently asked questions today is, "How do companies implement metrics systems in product development?" Section B "Metrics Systems In Industry" attempts to sort out the metrics system approaches being used in industry today.

Sections C and D, "State of Corporate Metrics" and "State of Project Metrics," respectively, focus on two components of a second hot area. Benchmarkers are interested in the specific names and types of metrics that are being used to measure product development in companies. Another often-asked question is, "What is the set of metrics that companies are using in their system?" To avoid the obvious complexity associated with attempting to survey every type of metric in use across systems, GGI has focused on two components in this survey. The first component is the overall metrics that occur at the highest level of a product development organization. GGI calls these metrics "Corporate Metrics." They are product development's piece of the overall set of company-level corporate metrics. Most companies now attempt to measure the overall results of their engineering and product development resources and organizations, thus comparisons should be possible in the late 1990s. The second component, which is also now possible to compare across companies and industries, is the "set of metrics that is used to measure project/product development efforts <u>and</u> when the measures are taken or applied." GGI calls these metrics "Project Metrics," recognizing that the project-type of metrics are specifically within the realm of new product development. Some level of consistency and practice in the areas of Corporate and Project metrics should be emerging and benchmarkable now.

The third and final hot area focused on in this survey is in Section E—"Linkage of Project Performance To Reward and Recognition." Many companies, the ones having a system that generates a set of metrics consistently across time, are now in a position to tie performance and reward/recognition. This final section surveys how rewards and compensation tie in to new product development projects.

There are five sections in this survey,

- A. Respondent Profile
- B. Metrics Systems In Industry
- C. State of Corporate Metrics
- D. State of Project Metrics
- E. Linkage of Project Performance To Reward & Recognition

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 company.

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Phone:	Fax:	E-Mail:	
GOLDENSE GROUP, INC., CAMBRIDGE, MA	- 1 of 13 -		WEB—JUNE 30, 1998



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A2.	Is this a \Box public or \Box private			Vac					
	Would you like a copy of the results	of this survey?		res	or)		
A3.	For what type/scope of company or or	rganization will y	ou be	e resp	ondin	g to th	e questi	ons rega	arding
	metrics in this survey? (Check the o	one that best appli	<u> </u>	-		0 7		a	-
	Parent Corporation [A P/L Unit]	/T TT ',]				-	Dept. [Co		
	☐ Strategic Business Unit/HQ [A P/ ☐ Division/Business Unit/Grp [A P/			Manu Other		0	lant [Co	st Cent	erj
		L Unitj		Other	[·				
A4.	Identify your company's industry or a	service: (Check	the or	ne tha	at bes	t appli	es.)		
	Aerospace	Defense					□ Mee	dical Pr	oducts
	Automotive	Durable goo	ods				☐ Met		
		□ Education					∐ Oil∕		
	└ College/Univ. R&D	\Box Electronics						rmaceu	
	Communications		g/Con	ntract	Desig	gn			lat'l Labs
	Computers	☐ Food						nicondu	
	Construction	Heavy Mac		•					Products
	 Consulting/Services Consumer Products 	□ Industrial p □ Materials	roduc	cts					
	Software-Web			1				er Ind.	
		Software-D					_		mbedded ervices
	☐ Consulting ☐ Government	\Box Utility	earch	1				er Svc.	
								ci sve.	
A5.	Sales revenue over your last full year \bigcirc <\$25M \bigcirc \$25-100M \bigcirc \$1-5B \bigcirc >\$5B	: (Check the one □ \$100-250M				es.) -500M		\$500N	⁄I-1B
A6.	Number of full-time employees: (Ch □ 1-500 □ 500-100 □ 10,000-25,000 □ 25,000		best a)-500	0		6000-10	,000
A7.	Please indicate the types of manufact (Check all that apply.) □ Process Mfg □ Repetitive			_					-
						North	_	<u>.</u>	Rest of
					A	America		Asia	World
				3	Sales				
					R&D	Ц			Ц
A8.	Places your company does business:	(Check all that	apply	<i>.</i>)	Mfg				
A9	What function do you personally perfe	orm in the compa	nv?	(Che	ck on	lv one	.)		
/ •	\square Mgt \square Sales \square Mktg \square R	$D/Engrg \square M$	lfg-Pr	oduc	tion		/ Ifg-Purc	hasing/	Materials
	Quality Environ./Safety/Regu	latory D F	Financ						\square HR



SECTION B

METRICS SYSTEMS IN INDUSTRY

Every product development company/organization has a product development metrics system of some type. Some systems are simple and manual, some are automated and complex, and there is everything else in-between. What is the architecture and technology of the metrics system supporting product development in your company?

B1. [Check One Only] What periodic interval best describes the visibility of metrics and metrics reporting at the top level of the product development organization? Continuous, I sleep with metrics.

Continuous, I sleep with metrics.	<u> </u>
Daily	
Weekly	
Monthly	
Quarterly	
Semi-Annual	
Annual	
Every 2-3 years, then it dies down.	

B2. [Check One Only] The state-of-architecture of the product development metrics system used at my company can be best described by one term below.

Centralized	Single, common, shared, vertically integrated	
Distributed-Common	Top section, linked to a number of like systems	
Distributed-Hybrid	Top section, linked to a number of unlike systems	
Decentralized-Common	A number of like systems	
Decentralized-Hybrid	A number of unlike systems	
Ad-Hoc	Unlike systems unevenly applied and utilized	

B3. [Check One Only] The state-of-automation of the product development metrics system used at my company can best be described by one term below. Please check the best answer. The answers listed below are intended to be mutually exclusive. Only one answer should be necessary for your response.

Fully automated system/database collects and stores metrics - for a number of years now * Fully automated system/database collects and stores metrics - contains 1-2 years of data * Fully automated system collects and reports defined metrics when needed Partially automated system collects and reports metrics when needed, some manual entry Partially automated system results from employees preparing periodic spreadsheet reports Manual system results from professionals presenting data in consistent presentation format Manual system results from professionals sending in data ad-hoc, and/or as it occurs Manual system results from administrators tracking down professionals for numbers

If you checked either of the first two answers above marked with an "*," then does your storage ability reside in a spreadsheet, a database, or custom-developed system?

Custom-Developed System	
Spreadsheet [
Database	

If you checked either of the first two answers above marked with an "*," then how many years of information and how many projects are contained in your company's "historical repository."

Number Of Years Of Information In Repository (Write in approximate number.)

Number Of Projects In Repository

(Write in approximate number.)



The 1998 Product Development Metrics Survey B4. [Check One Only] What department(s) or person(s) is/are the "owner(s)" of the product development metrics system? The "owner" is the person for whom the metrics are prepared for.

Owner(s)	CEO/COO/President/EVP	
	CFO - Chief Financial Officer	
	CQO - Chief Quality Officer	
	General Manager and/or Business Unit Manager [ie: P/L Responsibility]	
	Shared Between VP Marketing, Engineering, and Manufacturing Functions	
	Shared By VP Engineering & VP Manufacturing	
	VP Product Development/Engineering	
	Shared By Direct Reports to the VP Product Development/Engineering	
	A Designated Person within Product Development/Engineering	
	Engineering Controller/Comptroller	
	Engineering Quality Department	
	Engineering Metrics Department [A DEDICATED ORGANIZATION FOR METRICS]	
	Company Quality Function	
	Company Finance/Accounting Department	
	Other:	

B5. [Check One Only] What department(s) or person(s) is/are the "administrator(s)" of the product development metrics system? The administrator typically coordinates most of the resources to insure that the information in the system is being updated and maintained. The "administrator" is the person who does the majority of the preparing.

Administrator(s)	Administrators for VP Engineering & VP Manufacturing
	Administrators for VP Engineering
	A Designated Person within Product Development/Engineering
	Engineering Controller/Comptroller
	Engineering Quality Department
	Engineering Metrics Department [A DEDICATED ORGANIZATION FOR METRICS]
	Engineering Information Systems Department
	Company Quality Function
	Company Finance/Accounting Function
	Company Management Information Systems Function
	Other:



SECTION C STATE OF CORPORATE METRICS

This section focuses on Corporate Metrics for product development. They are the overall metrics that occur at the highest level of a product development organization. Corporate Metrics are product development's piece of the overall set of company-level corporate metrics. These metrics typically are collected and reported with the same periodicity as financial statements. They are therefore measured at specific calendar time intervals at least annually.

Most all companies now attempt to measure the overall results of their engineering and product development resources and organizations. Comparisons should be possible in the late 1990s. What measures does your company use to measure overall investment and results? How frequently does your company apply the measures?

C1. Estimate, as best as possible, the distribution and emphasis of metrics in the system that your company uses. The areas listed below are intended to be mutually exclusive. Only one answer should be necessary for your response.

Please respond to the statement: "Of the metrics in use in product development at my company, the relative percentage of management review efforts are allocated as follows below:"

Corporate/Overall	Overall R&D performance	%
Project	Specific development project(s) performance	%
Functional	Specific functional organization or individual performance	%
Improvement	Specific internal improvement effort(s) performance	%
	Other:	%

Total of all management metrics review activities

100 %

C2. Which of the following Corporate Metrics are in use at your company? Please check all that apply. To qualify as "in use," these metrics should: (1) be measured at least on an annual basis; (2) be visible to *all* members of the top 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 to the measures listed for your consideration below.

Throughput Related - Capacity

Number of Ideas/Concepts Reviewed % of Concepts Accepted/Rejected	
Number of Approved Projects - Not Started/Backlog Number of Approved Projects - Ongoing New Products Completed/Released Total Active Products Supported	
Active projects per engineer or developer or scientist Other:	



Income Related - Volume

Current-year % sales due to new products released in the past N-years If used, what is $N = \frac{Number}{Vear(s)}$ year(s) (i.e., past 1, 2, 3, 4, 5 years)	
If used, what is $N = \frac{Number}{Vear(s)}$ vear(s) (i.e., past 1, 2, 3, 4, 5 vears)	
Average first- N year(s) sales of new products	
If used, what is $N = \frac{Number}{V}$ year(s) (i.e., past 1, 2, 3, 4, 5 years)	
Average N-year profit/contribution of new products	
If used, what is $N = \underbrace{Number}$ year(s) (i.e., past 1, 2, 3, 4, 5 years)	
Current-year % sales due to total technology licensing Current-year % sales due to total royalty income Current-year % sales due to total NRE—non recurring engineering income	
Other:	
Income Related - Performance	
Average products supported per engineer or developer or scientistIAverage sales per engineer or developer or scientistIAverage profits per engineer or developer or scientistI	
Average new products released per engineer or developer or scientist Average new product sales per engineer or developer or scientist Average new product profits per engineer or developer or scientist	
Other:	
Investment Related - Volume	
R&D spending as a % of sales	
Also, Research % spending is separate from Development % spending?	'es or No
Also, Product % spending is separate from Process % spending?	es or No
 % Increase/decrease in R&D headcount % Resources/investment dedicated to new product development % Resources/investment dedicated to sustaining existing products 	
Internal engineering staffing ratios	
Other:	



Investment Related - Performance

	Average development cost per project/product Average capital cost per project/product	
	Other:	
Asset Related	- Volume	
	Total patents filed/pending/awarded Total industry standards planned/pending/achieved	
	Other:	
Asset Related	- Performance	
	Average patents per professional	
	Other:	
Program/Proje	ect Management Related - Performance [Averages Across Projects]	
	% First pass design success	
	Other: Other: Other:	



SECTION D

The 1998 Product Development Metrics Survey

STATE OF PROJECT METRICS

This section focuses on Project metrics. A Project is defined as an approved investment of resources and a team/organization to produce a commercializable product in a specified time period, typically ending at or shortly after product launch. Project metrics are not intended here to include cost reduction and/or productivity improvement projects; they include only new product development projects that result in saleable products. What measures does your company use to measure projects? How frequently does your company apply these measures?

D1. Are a set of standard measures used across all development projects? Please check only one box.

Yes, a standard set of measures is used across all projects. \Box Yes, some standard measures are used across projects. \Box

No, there are no standard measures used across all projects. \Box

No, projects are not specifically measured at our company.

If yes, roughly how many different measures make up the standard set?	Number ie: 3, 8, 11, 25
If yes, has the standard set changed in the past ten years?	Yes or No
If yes, has the standard set changed in the past five years?	Yes or No
If yes, did the standard set change in 1997?	Yes or No
If yes, can you forsee the standard set changing in the next five years?	Yes or No
If no, can you forsee a standard set in use at your company in five years?	Yes or No

D2. What time intervals does your company use to measure product development projects? Please check the box next to the sentence that best describes your management time intervals for metrics.

□ My company primarily tracks projects on a periodic calendar basis. Projects are reviewed at weekly, monthly, bi-monthly, quarterly, semi-annually, and/or annually, in a manner similar to the management of other development operations.

☐ My company primarily reviews projects only at specific predetermined points (milestones) in projects, and/or when projects are in trouble and need attention. Projects are not reviewed on a calendar basis, only at predetermined points/milestones of projects.

□ My company reviews projects both at specific predetermined points/milestones and on a periodic calendar basis as well.



D3. Projects, unless they are canceled sometime during development, result in a product that must be commercialized and subsequently supported by manufacturing operations as an active product. The product development investment is complete, and the launch and sustaining engineering costs now begin. Meanwhile, with any luck, the product is generating the revenues and profits that were forecast for it. In some companies, products stay with engineering for a long time. In other companies, products are released forever to manufacturing and to marketing/sales. How is your company monitoring the results?

Are post-launch project/product reviews systematically conducted by a cross-functional management team consisting of marketing, engineering, manufacturing, finance, and/or other functions for each new product for the purpose of seeing if the product results met the original technical and business goals?

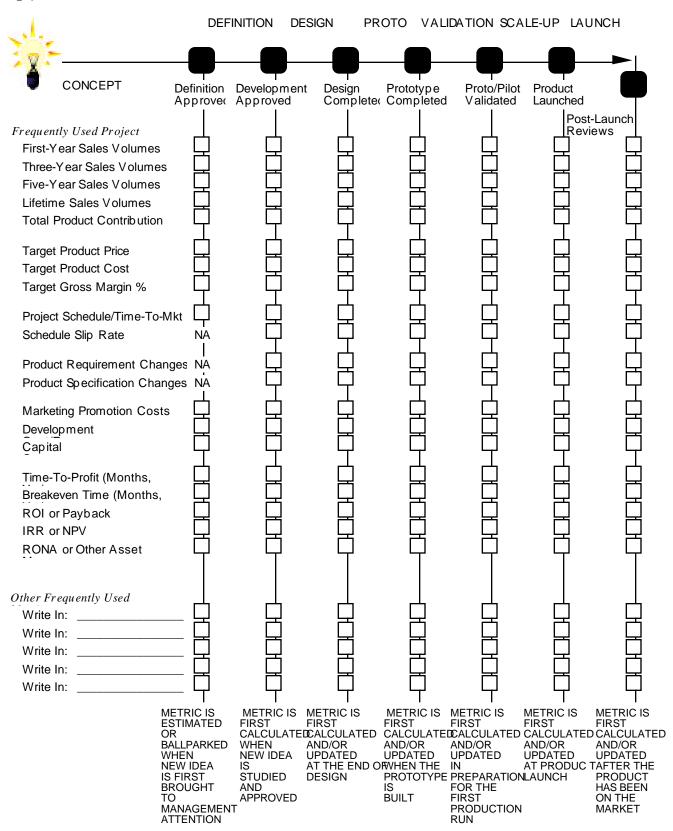
Yes, all new products are systematical	ly reviewed aga	ainst their goals after launch	
Yes, some new products [not all] are s	ystematically r	eviewed against their goals after laund	<u>h</u>
Approximate percentage wir No, individual functions and/or manag No, cross-functional post-launch proje	gers review pro	jects separately within their functions	
If yes, are there specific target points after a p done during periodic and/or annual operationa			
As a batch across active products	Yes or No	Targeted project/product reviews**	Yes or No
If reviews are targeted** on a per pro reviews are conducted after any given			targeted
Six months after product launch One year after product launch Two years after product launch Three years after product launch		Four years after product launch Five years after product launch End-of-life/Obsolescence Other:	
If reviews are targeted** on a pe project/product [targeted to be a review		C C	of times a

D4. All projects are measured at some level. Company practices vary widely. Most companies, however, whether formally or informally, approve projects because certain information basic to managing businesses has been estimated in advance. What Project Metrics does your company/organization *currently* use for a "typical" project? When does it first measure each metric? When and how often does it update the initial estimates?

Please refer to the full-page diagram on the next page. (Please check the box(es) that most closely represent the points where all key project and/or product metrics are first calculated, and/or then updated.)

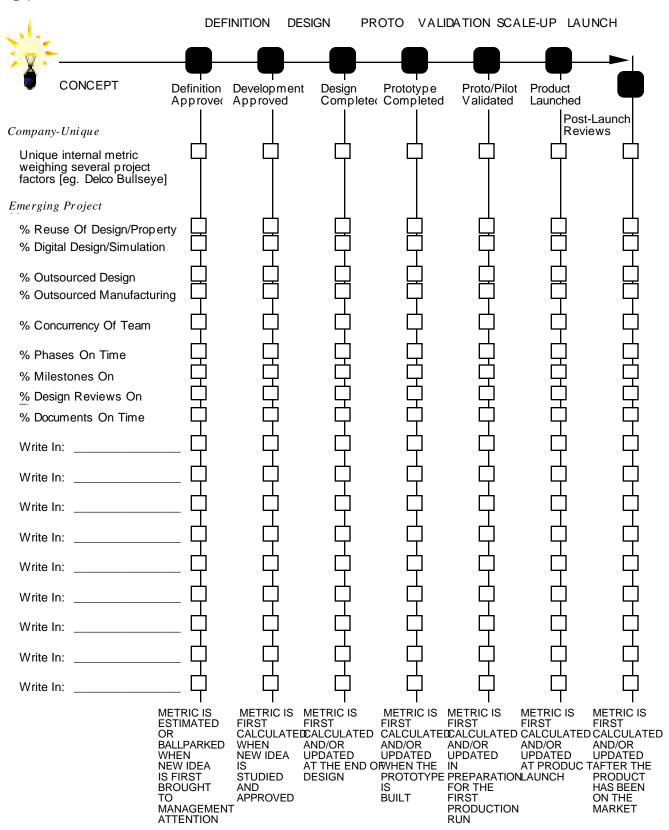


My Company Does Not Perform Any Of The Metrics/Activities Listed





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





SECTION E

LINKAGE OF PERFORMANCE TO REWARD & RECOGNITION

One of the activities that typically lags performance improvement initiatives, due to its wide-ranging implications and the overhead that results from it, is tying compensation to actual performance. Does your company tie developer and/or management compensation to new product performance?

E1. Is compensation tied to performance in executing and launching new product development projects/products? This question is specific to a project and the resultant product's performance. Do not include overall department budget goals and other operational or financial aspects of incentive systems—include only project-product launches. [Total Compensation = Salary plus all Bonuses] [If the answer is yes, write "yes" in the left box. If you know the actual percentage of employee compensation at risk for projects, please write that in the box immediately to the right containing the "%" sign.]

	<u>Marketing</u>	Engineering_	Manufacturing
	YorN, If known	YorN, If known	YorN, If known
Top Manager/GM/VP/Dir.	Yes or No	Yes or No %	Yes or No
Level-One/Functional Manager	Yes or No	Yes or No %	Yes or No
Project Managers & Team Leaders	Yes or No	Yes or No %	Yes or No
Team Members - Core Team	Yes or No	Yes or No	Yes or No
Team Members - Support Team	Yes or No	Yes or No %	Yes or No

E2. Are Team performance review forms routinely used during and/or at the end of projects to review team member and/or team leader performance on the project? $Y_{\text{Ves or Nd}}$

E3. Are Team performance review form results routinely considered in addition to Functional performance review forms at the time of the annual compensation award?

E4. Do "bottom-up" reviews exist by which lower levels of management/employees review upper levels of management such as team members reviewing team leaders or program managers?

If Yes, how many levels upward do employees review their managers?

Next/one level up [check box] Two or more levels up [check box]

If Yes, are "special confidential steps" taken to insure anonymity of the up	oward review?	
Yes, we use an internal process to handle the issue	[check box]	
Yes, an outside services firm is used to maintain confidences	[check box]	
Yes, we utilize an automated phone/computer data entry system	[check box]	
No, the reviewed manager views the subordinate's review	[check box]	

If Yes, please indicate the number of years using "upward reviews" [# of yrs.]



E5. Does your company ever give out ad-hoc financial awards or bonuses specifically tied to performance in executing and launching product development projects? Please exclude from your answer technical achievements such as inventions and patents.

If yes in 1997, how many awards were given out? Indicate the number of 1997 awards.

What was the approximate total population of people that could have received these awards?

How many development projects were completed in 1997?

E6. Does your company ever give out ad-hoc financial awards or bonuses specifically tied to functional and/or technical achievements such as inventions and patents? Please exclude from your answer management achievements such as on-time projects or meeting cost goals.

If yes in 1997, how many awards were given out? Indicate the number of 1997 awards.

What was the approximate total population of people that could have received these awards?

E7. Does your company use nonmonetary recognition techniques for performance in executing and launching product development projects? This question is specific to a project and the resultant product's performance. Please exclude management promotions, inventions, patents and other "standard operational announcements" from your answer.

Yes or No	Yes or No
If yes in 1997, how many recognitions were given out? Indicate number of 1997 recognitions. [If team recognitions were given out, please count each member of the team as "one."]	Number
What was the approximate total population of people that could have received these recognitions?	Number
If yes in 1997, what forms of recognition were used? Please check all answers that apply.	
Verbal, in private setting Verbal, visible to employee population Verbal, other	
Written, letter of commendation to personnel file Written, internal company publication Written, external industry publication Written, other	
Gifts, significant monetary value Gifts, insignificant monetary value (pens, shirts,) Gifts, other	

Yes or No

Yes or No

Yes or No

Yes or No
Number
Number



For survey results please visit our online-store at

http://www.goldensegroupinc.com/cgi-bin/catalog.cgi