

Exhibit 1: NEW PRODUCT DEVELOPMENT PROCESS

Section A: Industry and Competitive Conditions

The following questions request background information useful in understanding the competitive environment you face in bringing out a new product. In your responses please focus on your most (i) recently completed (in the last 2 years) or (ii) advanced on-going product development project.

1. Please identify the general product category this new product falls in: _____
2. Has the project been completed? _____ Yes _____ No (please check one)
3. Approximately how many customers are there for your product? _____ customers
4. Approximately how many competitors are there in this product category that you are competing with? _____ competitors

For the following questions, please circle the response number which best describes your situation.

- | | | | |
|---------------------------------------------------------------------------------|-------------|---------------|--------------|
| 5. How easy is it for customers to substitute other products in place of yours? | Easy | 1 2 3 4 5 6 7 | Difficult |
| 6. Many competitors have introduced competing products in the last 2 years. | Disagree | 1 2 3 4 5 6 7 | Agree |
| 7. The short-term (3-yr.) market growth rate for your product is | Low | 1 2 3 4 5 6 7 | High |
| 8. The average industry pretax profit level is | Low | 1 2 3 4 5 6 7 | High |
| 9. How long will the current technology be viable in the market? | Few yrs | 1 2 3 4 5 6 7 | Many yrs |
| 10. What is the average length of time between product/model changes? | Few mths | 1 2 3 4 5 6 7 | Many mths |
| 11. What is the prospect for future profits from your product? | Low profits | 1 2 3 4 5 6 7 | High profits |

Section B: Product/Launch Strategy

The following questions request information useful in understanding the strategy you undertook (will undertake) in launching the new product into the market. Please continue to focus on the **SAME PROJECT** as in sections A and B. If your responses are about a recently completed project, the answers in this section should solely be based on what you had and did in the initial stage of the market launch of your product. If your project has not been completed please provide your best estimates.

1. Was your company the first into the market with this type of product? _____ yes, _____ no
2. The estimated unit price of the product \$ _____

For the following questions, please circle the response number which best describes your situation.

- | | | | |
|--------------------------------------------------------------------------------------|----------|---------------|--------|
| 3. Compared to competitors, the new product meets (will meet) customer needs better. | Disagree | 1 2 3 4 5 6 7 | Agree |
| 4. Compared to competitors, the new product was (will be) priced lower. | Disagree | 1 2 3 4 5 6 7 | Agree |
| 5. Compared to competitors, the promotional budget of the new product was (will be) | Lower | 1 2 3 4 5 6 7 | Higher |

- | | | | | | | | | | | |
|-----|------------------------------------------------------------------------------------|----------|---|---|---|---|---|---|---|--------|
| 6. | Compared to competitors, the number of distribution outlets was (will be) | Lower | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Higher |
| 7. | The new product was (will be) priced much higher than industry average | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 8. | The promotional effort was (will be) much above the industry average. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 9. | The number of distribution outlets were (will be) much above the industry average. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 10. | The new product was (will be) of higher quality than any existing product. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 11. | The new product had (will have) unique features/attributes from existing products. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 12. | The price of the new product was (will be) higher than existing products. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 13. | The promotional expenditures did (will) exceed those on existing products. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |

Section C: Project Outcomes

The following questions request information concerning the outcomes of your product development process. In responding to this section please concentrate **ONLY** on the **SAME PROJECT** described above. The beginning of idea generation should be when the firm decided to develop a new product. The end of market launch refers to when the product is commercially available and managed in a routine manner. (For those who have not yet launched a new product please provide your best estimates.

1. Total project time from the beginning of idea generation to the end of the market launch? _____ months
2. Total project cost from the beginning of idea generation to the end of the market launch? _____ dollars
3. Total man-years used from the beginning of idea generation to the end of the market launch? _____ man-years
4. Total time from market launch to attaining break-even? _____ months
5. We are satisfied with our product development process. Disagree 1 2 3 4 5 6 7 Agree
6. We would use the same product development process over again. Disagree 1 2 3 4 5 6 7 Agree
7. We would recommend the same product development process to others. Disagree 1 2 3 4 5 6 7 Agree
8. What was the actual (or expected) first year sales level? (please check one)

<input type="checkbox"/> less than \$100,000	<input type="checkbox"/> \$ 1 to 5 million
<input type="checkbox"/> \$100,000 to \$499,999	<input type="checkbox"/> \$ 5 to 10 million
<input type="checkbox"/> \$500,000 to \$ 1 million	<input type="checkbox"/> more than \$ 10 million
9. What was the actual (or expected) first net income as a percent of sales? (please check one)

<input type="checkbox"/> loss	<input type="checkbox"/> 11 to 20%
<input type="checkbox"/> 0 to 5%	<input type="checkbox"/> 20 to 30%
<input type="checkbox"/> 6 to 10%	<input type="checkbox"/> over 30%

Section D: Organizational Characteristics

The questions in this section are designed to help us better understand and classify the information provided above. This information will be treated confidentially and only aggregate statistics will be reported. **No information from any one respondent will be released to anyone.**

1. What year was the company founded? Year 19____
2. Is this company privately held or publicly traded? (please check one) _____ privately held
_____ publicly traded
3. Which of the following sources of funding has this company received? (please check all that apply)
____ Venture capital _____ Initial public offering
____ Bank loan _____ Private placement
____ SBIR _____ Other public sector grants
____ Other (please describe) _____
4. What is the size of your organization in terms of total full time staff? _____ Total staff
5. Of your total staff, how many are R&D professionals? _____ R&D professionals
6. Number of other new products launched in the last **two years** _____ new products introduced
7. Total number of product offerings now sold _____ products currently sold
8. Which of the following categories best represents total yearly company sales prior to launching the product? (check one)
____ Less than \$1 million _____ \$10 to \$100 million
____ \$1 to \$10 million _____ Greater than \$100 million
9. As a start-up company, did this organization participate in an incubator program of any type?
____ Yes --> If yes, was the incubator _____ non-profit _____ university
 _____ for-profit _____ government
No

We greatly appreciate the time and effort you have spent on our survey. Please take a moment to complete any questions you may have accidentally skipped. If you would like to receive an executive summary of the survey results, please attach your business card to the questionnaire. Finally, please return the questionnaire in the enclosed return envelope.

Thank You

- | | | | | | | | | | | |
|-----|------------------------------------------------------------------------------------|----------|---|---|---|---|---|---|---|--------|
| 6. | Compared to competitors, the number of distribution outlets was (will be) | Lower | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Higher |
| 7. | The new product was (will be) priced much higher than industry average | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 8. | The promotional effort was (will be) much above the industry average. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 9. | The number of distribution outlets were (will be) much above the industry average. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 10. | The new product was (will be) of higher quality than any existing product. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 11. | The new product had (will have) unique features/attributes from existing products. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 12. | The price of the new product was (will be) higher than existing products. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |
| 13. | The promotional expenditures did (will) exceed those on existing products. | Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Agree |

Section C: Project Outcomes

The following questions request information concerning the outcomes of your product development process. In responding to this section please concentrate **ONLY** on the **SAME PROJECT** described above. The beginning of idea generation should be when the firm decided to develop a new product. The end of market launch refers to when the product is commercially available and managed in a routine manner. (For those who have not yet launched a new product please provide your best estimates.

1. Total project time from the beginning of idea generation to the end of the market launch? _____ months
2. Total project cost from the beginning of idea generation to the end of the market launch? _____ dollars
3. Total man-years used from the beginning of idea generation to the end of the market launch? _____ man-years
4. Total time from market launch to attaining break-even? _____ months
5. We are satisfied with our product development process. Disagree 1 2 3 4 5 6 7 Agree
6. We would use the same product development process over again. Disagree 1 2 3 4 5 6 7 Agree
7. We would recommend the same product development process to others. Disagree 1 2 3 4 5 6 7 Agree
8. What was the actual (or expected) first year sales level? (please check one)

_____ less than \$100,000	_____ \$ 1 to 5 million
_____ \$100,000 to \$499,999	_____ \$ 5 to 10 million
_____ \$500,000 to \$ 1 million	_____ more than \$ 10 million
9. What was the actual (or expected) first net income as a percent of sales? (please check one)

_____ loss	_____ 11 to 20%
_____ 0 to 5%	_____ 20 to 30%
_____ 6 to 10%	_____ over 30%

Section D: Organizational Characteristics

The questions in this section are designed to help us better understand and classify the information provided above. This information will be treated confidentially and only aggregate statistics will be reported. **No information from any one respondent will be released to anyone.**

1. What year was the company founded? Year 19____

2. Is this company privately held or publicly traded? (please check one) ____ privately held
 ____ publicly traded

3. Which of the following sources of funding has this company received? (please check all that apply)

____ Venture capital
 ____ Bank loan
 ____ SBIR

____ Initial public offering
 ____ Private placement
 ____ Other public sector grants
 ____ Other (please describe) _____

4. What is the size of your organization in terms of total full time staff? ____ Total staff

5. Of your total staff, how many are R&D professionals? ____ R&D professionals

6. Number of other new products launched in the last two years ____ new products introduced

7. Total number of product offerings now sold ____ products currently sold

8. Which of the following categories best represents total yearly company sales prior to launching the product? (check one)

____ Less than \$1 million
 ____ \$1 to \$10 million

____ \$10 to \$100 million
 ____ Greater than \$100 million

9. As a start-up company, did this organization participate in an incubator program of any type?

Yes --> If yes, was the incubator

____ non-profit ____ university
 ____ for-profit ____ government

No

We greatly appreciate the time and effort you have spent on our survey. Please take a moment to complete any questions you may have accidentally skipped. If you would like to receive an executive summary of the survey results, please attach your business card to the questionnaire. Finally, please return the questionnaire in the enclosed return envelope.

Thank You