

Dr. MUELLER. We have tried to improve the situation through our phased procurement procedure in our R. & D. activities. This approach was designed to reduce the cost to industry of preparing proposals.

I don't think that has worked to actually accomplish this. Again, the competition is very large. The desire for getting new business is very great and it is difficult to actually limit the amount of money that the company will put into proposals.

Mr. GURNEY. Do you have any ideas on how the present method can be improved upon?

Dr. MUELLER. No, sir; I do not.

Mr. TEAGUE. I have seen some of those proposals and they stack up about 1 or 2 feet in height.

How do you relate performance to proposal?

Dr. MUELLER. It takes 3 or 4 weeks for 70 people to go through one set of proposals.

Mr. TEAGUE. You have that many people down there doing this function?

Dr. MUELLER. Yes, so it takes a great deal of time on the part of the Government to carry out a real evaluation of these proposals. It takes a great deal of time on the part of the companies involved to prepare the proposal.

Mr. TEAGUE. What are you going to say to a company you have given a superior rating to when he doesn't get the renewal contract and you award the new contract to another company that didn't receive a superior rating?

How will you explain it? There is no law that tells you what to do. It gets down to somebody saying: "This company gets the job."

Dr. MUELLER. Each of the source evaluation boards takes into account past performance in their evaluation of the suitability and ranking of the contractor.

I am sure that the people that lose one of these competitions feel very bad.

Mr. TEAGUE. All companies do.

Dr. MUELLER. I found that I felt bad every time I lost one when I was in industry. On the other hand, I have observed the operation of the letting of contracts in Europe, for example, where quite often the work is contracted by the Government and is divided among a set of companies in order to build basic capability and maintain that capability. My own observation is that our system works about as well as any system. It is far from ideal and that is simply because there is no absolute measure of competence. There is no absolute measure of performance in the future.

You can always say what the performance was in the past, but there are a few key people that have actually caused the past performance to be good and if you transfer 20 people out of any organization, the right 20 people, you will find that its performance will decrease.

That doesn't say that the performance level won't get good again, but the performance pattern will change.

Mr. TEAGUE. You have really had a very satisfactory performance particularly at Cape Kennedy. Couldn't you save a heck of a lot of