

They delivered rockets from November 27, date of award, on schedule the following February. In the case of the other producer, the \$398 price, that was a normal delivery schedule, some 5 or 6 months to first production rather than 2 or 3 months later.

Mr. HOLIFIELD. In other words, the A. C. Electronics was, you would say, 5 or 6 months.

General ANDERSON. Yes.

Mr. HOLIFIELD. And the other one was 2 months.

General ANDERSON. Yes, sir. November 27 until February; yes.

Mr. LUMAN. Did A. C. bid against Chromcraft?

General ANDERSON. No. Chromcraft did not. This was a small business set-aside.

Mr. ROBACK. Chromcraft is small business.

Mr. LUMAN. Brown bid against Chromcraft.

General ANDERSON. No, A. C. Electronics did not participate in that procurement.

Mr. LUMAN. Their price here is lower than Brown's second price.

General ANDERSON. Yes.

Mr. LUMAN. By about \$100.

General ANDERSON. I do not know why they did not, but there were 13 other bidders.

Mr. LUMAN. Had they bid they would have probably come in second lowest.

Mr. HOLIFIELD. You have got at least now three companies that have a history of building these launchers. You have got Chromcraft suspended and Brown Engineering Co. and A. C. Electronics Co. that have had experience in building.

General ANDERSON. Yes, sir.

Mr. HOLIFIELD. Is that right?

General ANDERSON. Yes, and many others who have bid, and presumably had the competence to do so.

(Further information on the procurement referred to appears in app. 4.)

EASE OF COMPETITIVE ENTRY INTO FIELD

Mr. ROBACK. Do you have an industrial production expert here who can tell us what it takes to get into production? In the case of the Navy, at least one of the determinations of findings was on the basis that it would take too long or it would cost too much to set up another line. I mean what do you have to do to get into production with rocket launchers? The tubes are purchased pretty much either fabricated in lengths or fabricated in sections.

General ANDERSON. Well, I am not a production expert, Mr. Roback, but the general situation pertaining to a new or a first producer is that he has to not only set up a make or buy pattern to make certain products and buy others, the raw materials that he buys, but he subcontracts. This is a certain amount of effort on his part. Then he has to design and acquire or build special tooling, fixtures and jigs that would make all of these parts go together and in the right way.

He also has to design and procure or make himself inspection equipment, gages and so forth, to assure himself that these do come out even. These are characterized generally as startup costs.

Mr. ROBACK. I know, I understand that all buys have that. Even a candy store has starting-up costs. The question is, How complicated