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## J&J Worldwide grabs \$100M contract

Defense contractor gets into groceries

Austin Business Journal - by [Jacob Dirr](#) ABJ Staff

A homegrown defense contractor snagged a new five-year, \$100 million contract in March to operate and maintain 31 East Coast sites that provide groceries to military personnel, retirees and their families on or near military installations.

**J&J Worldwide Services, headquartered along Capital of Texas Highway, has risen steadily — but quietly — over the past four decades to become one of the country’s largest operations and maintenance contractors to U.S. Department of Defense.**

Operations and maintenance work, referred to simply as O&M, refers to a broad range of services provided to keep facilities up and running from a logistical, physical and technical perspective.

J&J is already one of the largest medical-treatment facility O&M providers for the military, and the new contract will open a new set of potential customers, said Al Smith, an executive vice president at the 2,500-employee company.

The contract is with the **Defense Commissary Agency**, which operates a worldwide chain of 284 commissaries that sell groceries on bases. In federal contracting, past performance with individual agencies is important to gain contracts, and winning new customers allows that to happen.

Governmentwide, the company has about \$800 million worth of active contracts, Smith said. J&J operates a 15,000-square-foot home office, with about 80 employees, while managing about 15 million square feet in about 40 locations in the U.S. and South Korea. It has no contracts in Iraq or Afghanistan, Smith said.

Companies that are J&J’s size can make themselves attractive acquisition targets for mammoth companies, but Smith said the privately owned business is not for sale.

Defense contractors such as J&J often provide an overlooked economic boost in the cities where they are located, especially in locations that are not military-centric, because defense contractors are focused on getting in front of federal agencies, not local businesses and customers. Keeping a low profile also provides a competitive advantage when bidding on work so competitors can’t glean information about the company that would help them win competitive contracts.

Nevertheless, such companies are important to local areas, even if they aren’t well-known, said Jeremy Zaborowski, an associate project manager at **Angelou Economics**.

**According to data compiled and published on [governmentcontractswon.com](#), there are hundreds of Austin-based defense contractors that received more than \$1 billion worth of contracts in 2008. More than \$7 billion has been awarded to Austin companies since 2000, according to the Web site.**

On average, every dollar spent by the federal government with local companies pumps another 90 cents into the local economy, according to Angelou Economics.

But the amount of work the Defense Department will award in coming years is expected to shrink.

As a cost-saving measure, the **Obama Administration** seeks to decrease contractor funding and increase funding for about 33,400 new civilian federal employees.

For companies such as J&J, that means increases in competition as contract opportunities decrease.

The increased competition will be exacerbated as operations in Iraq conclude and O&M contractors working there set their sights on domestic contracts, Smith said.

**Courtesy of JB Goodwin**