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Ron Ryan working hard to find new business for Ryan International Airlines

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With 18 of his 52 planes parked, Ron Ryan has his work cut out for him.

His company, **Ryan International Airlines Inc.** saw 20 percent of its business vanish when its largest customer, Emery Worldwide Airlines Inc., lost its U.S. Postal Service business to a $6 billion single-service contract with FedEx. Now Ryan is itching to get things moving again.

"I want to get the 200 people who were laid off back working for the company," Ryan says. "This means new contracts or expansion to existing contracts."

A soft economy won't make that any easier.

"With the airline business wired directly to the economy's fortunes, renegotiating new contracts right now poses huge challenges," says Ryan. "We can only hope that our reputation as a proven performer counts for something."

Reputation is Ryan's strong suit. With more than 20,000 flight hours to his credit, the chairman of Ryan International Airlines has flown everything and everyone imaginable: U.S. mail, fresh fish from the South Pacific, vacationers bound for Hawaii, sports teams, horses and entertainers.

Nowadays, though, it's the ability to sell rather than the knack for flying that Ryan needs most.

Loss of the U.S. Postal Service express and priority mail contract saw Ryan "park" 18 of the 52 planes it operated directly or on behalf of customers. Subsequent expansion of existing business plus new contracts has put four of those planes back in commission.

Ryan has never had to advertise for business. The loss of its Emery work leaves the airline capable of handling significantly more business -- at a time when good contracts are hard to find. And losing **Emery's U.S. Postal Service** business has put a sizable dent in Ryan's annual revenue.

Operating below cost

With a profusion of cargo carriers and too few contracts, Ryan says, negotiating the right deals at the right margins will take time. By failing to accurately calculate total operating costs, he says, many airline operators faced with no work for their planes risk doing bad business.

"Wholesale tour operators in the US have been able to buy contracts below cost, and this has put a lot of airlines out of business," he says.

The real "killer" cost for cargo carriers, says Ryan, is heavy maintenance.

The Federal Aviation Administration and National Transportation Safety Board recently grounded Emery due to maintenance and safety lapses. Ryan says this should serve as notice, especially for carriers relying on older planes, that scrutiny of cargo haulers will increase.

"With supply far outstripping demand -- plus more stringent scrutiny of cargo haulers -- we're starting to see a lot of aircraft parked in the desert again," he says. "In an era of consolidation, smaller contract carriers will be unable to compete. The key mantra is surviving operating costs."