



SPECIAL REPORT

MY SMALL BUSINESS

Cruise control keeps designers afloat

Two businesswomen discover a major contract requires sound money management, writes **Christine Long**

For the two-woman interior design team at McRae & Lynch (mcraeandlynch.com.au) this was the year they reeled in what every small business dreams of: a massive project with a large corporation.

The large corporation was Carnival and the project was refurbishing the Pacific Sun, a P&O cruise liner, from its library, buffet and cafe to its day spa within three months.

"It was like *Backyard Blitz* tenfold," says Karyn McRae.

Accustomed to designing interiors for new-build houses, pubs and clubs, the Sydney women not only had to come to grips with the requirements of marine fitouts and the tight timeframe but also how to manage the impact of a large-scale project on their cashflow.

Even on smaller jobs they would normally require clients to make progress payments.

"We have a seven-day invoice for most people and most people pay us on time," McRae says.

It helped that as a business, they didn't have a lot of overheads. But to keep their existing work moving along – they had about 10 other projects on the go when they landed the Carnival job – they had

to enlist the skills of a third interior architect as well as a part-time administrator.

Then it was simply a case of tightening their belts.

"Between the two of us we didn't pay ourselves regularly," McRae says. "It wasn't a struggle but we did have to sit back and wait to be paid."

The project, which involved ordering hundreds of thousands of dollars worth of furniture from a single supplier, rather than their usual one-off dining suites, also required another change in the way they usually did business.

Fortunately, as Helen Lynch explains: "We were able to negotiate payment terms on orders with suppliers to coordinate with invoicing paid by Carnival."

It was an arrangement that was key in pulling off the project without the need for an overdraft.

But another project of a similar size could call for some financial backup beyond their usual business credit cards, not to mention the continued goodwill of their husbands and families (the pair have five children between them).

"In the end it worked out really well," McRae says



Carnival time ... Karyn McRae and Helen Lynch.