

What the world's best Whisky can teach us about exit planning

In October 2019, a bottle of The Macallan Fine and Rare whisky sold at auction for \$US1.9 million, becoming the most expensive bottle of wine or spirit ever auctioned. This whisky was bottled in 1986, after maturing for six decades in European Oak at Macallan's distillery near the River Spey in Scotland. The cask this bottle was from has produced six record-setting bottles, beginning in 1986 when the first one was sold in New York and won the Guinness World Record at the time for "The World's Most Expensive Spirit".

We can learn a lot about business exit planning from the way whisky is produced and attracts value. The whiskey-making process is one that takes years. It's often decades after the process begins that the product is bought or sold (the more valuable and sought-after whiskies are aged for 12-20 years). Much of its colour and flavour profile has to do with the characteristics of the wood used in the barrels and the amount of time and conditions in which they are allowed to rest in the barrel before being put into a bottle.

Believe it or not, the secret to making good whisky is the same as the secret to extracting the best value from your dental practice. Sure, making valuable whisky starts with quality ingredients, but the ingredients would be worth very little if the distiller didn't have an exit plan for those ingredients.

To maximise the flavours and value when making quality single malt whisky, the distiller needs to know how long to let it mature in the cask and when it should exit the cask for bottling. Empty the cask too early and the flavour profile will be harsh and not fully formed. The Macallan Distiller waited 60 years to get the value proposition right in the example above. There is no way they would have been able to generate the same value for their whisky if they emptied the casks at random or when the owner/distiller was bored or fatigued (or thirsty).

The secret to extracting the best value for your practice also starts with good ingredients – quality clinical dentistry, pride in your aesthetic presentation, etc. However, much like the whisky, to extract the best value for your practice, a successful business owner needs to time their exit.

The value of a dental practice is not set in stone. It fluctuates with time. A practice owner obviously doesn't need to wait 60 years (like the Macallan whisky distillery did), but they also can't exit at random when they are bored or fatigued (or thirsty).

An exit-plan for a dental practice a few years in advance can give a practice owner the chance to do whatever course correction is needed to ensure that its virtues (like its revenue, profit, opportunity/prospects, stability) are more evident to any buyer. Timing your exit like this will ensure that your practice can achieve an optimal offer for the asset you have built.

So, the next time you are enjoying a good single malt (or two) at the end of a hard day's work...spare a thought for the exit planning that the distiller needed to employ in order to get the whisky's value proposition right, and think of how you might be able to improve the return for your practice if you planned your exit with the same diligence and purpose. If you are not sure what you could do differently to get a better outcome for your practice, you may need to talk to an expert in the field or attend an exit planning seminar (www.exitacademy.com.au). The Macallan whisky distiller probably needed some guidance with their first exit plan too.

Who would have thought that "researching an exit plan" could be so enjoyable?

If you would like some assistance planning your exit from your practice or ideas about what you could do differently to maximise the result that is achievable, Practice Sale Search offers exit planning seminars across Australia and New Zealand every year (www.exitacademy.com.au) and is available for a telephone consultation anytime on 1300 282 042.