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VALUED REPRESENTATION

## MAKING YOUR CROSS BORDER ACQUISITION WORK

By Peter C. King, CEO VR Business Sales / Mergers & Acquisitions

American companies are engaging in foreign acquisitions with increased confidence as global markets grow and international opportunities expand. Improvements in digital communication, a stable investment climate, and the appeal of international diversification have made cross border deals more accessible. However, these transactions come with significant challenges. Cultural differences, foreign regulations, and unfamiliar business practices can undermine even the strongest strategic fit. Careful preparation is essential to making your international acquisition work.

### GO WITH WHAT YOU KNOW

Domestic mergers and acquisitions are already complex. Adding foreign laws, unfamiliar labor environments, and cultural nuances can multiply those challenges. Even acquisitions involving countries that share a language or similar business traditions can produce friction. To reduce risk and ease integration, target companies that have strong points of connection with your own, such as:

- Companies in the same or closely related industries
- Businesses offering similar or complementary products or services
- Workforces similar in size, role structure, and professional background
- Management systems that resemble your own organizational structure

The more aligned your organizations are, the smoother negotiations will be, and the easier post-acquisition integration becomes.

Avoid pursuing targets in unfamiliar industries or drastically different business models. Doing so adds unnecessary risk and increases the likelihood of costly missteps.

### HOME COUNTRY ADVANTAGE

Due diligence is always important, but it becomes even more critical in cross border acquisitions. Foreign regulations, accounting standards, tax systems, and business environments can significantly affect the financial realities of the company you are acquiring.

To navigate these complexities:

- Retain legal, accounting, and regulatory advisors who work in the target country
- Pair foreign advisors with U S based advisors to gain a full, balanced perspective
- Ask international advisors to identify issues related to new regulations, political changes, or local market risks

Local professionals are far more likely to recognize cultural expectations, compliance requirements, and early warning signs that may influence your negotiations.

Cultural insight also matters. Business etiquette varies widely around the world, whether in hierarchical leadership cultures, collectivist decision making styles, or regions where personal relationships drive business dealings. The wrong greeting, tone, or negotiation style can undermine trust. Knowledge and sensitivity prevent these missteps.

If your company has completed international acquisitions in the past, evaluate what worked



and what did not. For example, if previous efforts to create nationality-based balance in management roles created dysfunction, shift instead to merit-based selection for the new acquisition.

You may also want to assemble an internal task force to act as cultural ambassadors. These team members can share norms, practices, and expectations with the workforce of the target company and help forge constructive relationships before integration begins.

## **RETAINING YOUR WORKFORCE**

Respecting the national culture of the company you are acquiring is essential. Attempts to impose a fully American approach on a foreign operation can damage morale and accelerate turnover. Instead, we aim to create a blended international culture that incorporates the strongest ideas and practices from both sides.

Identify and retain key employees. Losing executives or managers after an international acquisition is especially harmful because they often possess essential institutional knowledge. Their departure can also lead to wider turnover among the general workforces. Before the deal closes:

- Meet with employees to understand strengths, capabilities, and leadership potential
- Identify the most effective management candidates from both companies
- Maintain balanced representation in post-acquisition leadership rather than defaulting exclusively to your existing team

Thoughtful staffing decisions can significantly improve integration and long-term performance.

## **MAKING IT WORK**

Cultural awareness, strategic planning, and open communication are the foundation of a successful cross border acquisition. When you respect the traditions, perspectives, and priorities of your new business partner, you establish trust and cooperation from the beginning.

Blending cultures, adjusting leadership structures, and offering autonomy when appropriate may require effort, but these investments pay substantial dividends. Companies that take these steps consistently experience smoother transitions, stronger employee retention, and improved long-term performance.