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Nemawashi meets deal speed

Redesigning decision-making for cross-border M&A

Contents

In cross-border M&A, slow decision-making is often explained as a cultural issue. In reality, it is more often the result of decision-making architecture that was never explicitly recalibrated in light of the transaction.

Leaders frequently point to post-close frustrations—opaque approvals, repeated escalations, and revisited decisions—as evidence of integration challenges or cultural mismatch. As Deloitte illustrated in "What makes—or breaks—value in cross-border M&A: Insights from Japanese and global dealmakers," these dynamics are more accurately understood as the downstream effects of implicit assumptions about the ways decisions are made—both during the deal process and in the end-state organization.[1]

This article builds on "Operating model first, integration second: Why most cross-border PMI fails before close" in our series and Deloitte's "Beyond borders" publication, which highlighted how governance, autonomy, and decision rights shape globalization outcomes for Japanese organizations.[2] Here, we focus on the next layer beneath operating models—decision-making architecture itself—and the reasons that reconciling consensus and speed is a design challenge, not a cultural one.

Why decision speed is a design problem, not a cultural one

Executives often frame decision outcomes—whether delayed or overly rapid—as a people issue: insufficient empowerment, risk aversion, lack of urgency, or excessive individual discretion. That framing is incomplete.

In cross-border M&A—particularly involving Japanese and non-Japanese organizations—decision friction usually arises because:

- Decision rights and accountability for decisions are not distributed consistently;
- Escalation thresholds are unclear or subjective; or
- Leadership teams operate with different expectations about how decisions should move.

Crucially, these gaps often emerge at deal inception, during strategy formulation, target evaluation, and diligence, and then persist into the end-state operating model if left unresolved. Teams improvise decisions during the transaction, normalize them during integration planning, and institutionalize them post-close.

Figure 1: Implicit vs. designed decision-making architecture in cross-border M&A

Decision speed and quality are outcomes of architecture. In cross-border M&A, implicit decision systems amplify delay and rework, while explicitly designed ones align accountability and execution across borders.

Implicit decision-making (default state)	**Designed decision-making architecture**
Ambiguous authority →	Explicit decision rights
Informal escalation →	Clear escalation thresholds
Consensus applied inconsistently →	Deliberate use of consensus
Decisions revisited post-close →	Authority transition from deal to run-state

Source: Deloitte 2026 cross-border M&A survey (n = 126) and qualitative analysis of deal life cycle responses.

That means decision speed is an outcome of architecture. When the architecture is implicit, even capable and well-intentioned leaders may default to caution, revalidation, and escalation, particularly in complex, cross-border contexts.[3]

Figure 1 contrasts the implicit decision-making architectures that often emerge by default in cross-border M&A with deliberately designed architectures that align authority, escalation, and accountability across geographies.

Consensus, deal speed, and value erosion

A recurring tension in Japanese versus non-Japanese cross-border deals is the perceived trade-off between consensus and speed.

As described in Deloitte's "Beyond borders" publication, many Japanese organizations emphasize *nemawashi*, the practice of building alignment informally before formal decisions are taken, to reduce downstream execution risk and reach decisions that prove durable later on.[4] By contrast, many US and European organizations emphasize speed, escalation, and clear individual ownership to preserve momentum and capture value quickly.[5]

These approaches are often framed as cultural opposites. They are not. Both are rational responses to risk. The problem arises when neither side explicitly designs the way it will make decisions during deal strategy and execution, nor how those decision rights will carry into the end-state combined organization. In that vacuum, teams default to their native decision-making norms and friction becomes inevitable.

What *nemawashi* is, and why it matters beyond Japan

Nemawashi refers to the informal process of building consensus and alignment with stakeholders before a formal decision is taken. The objective is not delay, but durability: Decisions that are socialized early are less likely to unravel during execution.

While *nemawashi* is a Japanese cultural construct, the underlying dynamic of consensus-seeking is not uniquely Japanese. Similar behaviors are common in multinational organizations with strong matrix structures, regulated industries, or risk-sensitive cultures. The challenge in cross-border M&A is not consensus itself but failing to redefine when consensus adds value and when it unnecessarily constrains execution.[6]

Not all decisions require the same decision mechanics, and misalignment erodes value quietly

One of the most common decision-making failures in cross-border M&A is the indiscriminate application of a single decision style across very different types of decisions—whether consensus-driven or individually owned—to span both the deal process itself and post-close integration.

Some decisions genuinely warrant broad alignment. Others require clear ownership and speed. In some cases, organizations slow themselves down to apply uniform consensus in areas where pace and accountability matter most. In other cases, indiscriminately applying individual ownership makes organizations move quickly on decisions that should have involved enterprise alignment, and they have to revisit or reverse them later. In both cases, the result is not a single breakdown, but a steady accumulation of friction.

This misalignment rarely causes visible failure. Instead, it produces a series of small delays that compound over time. Approvals take longer than expected.

Some decisions genuinely warrant broad alignment. Others require clear ownership and speed.

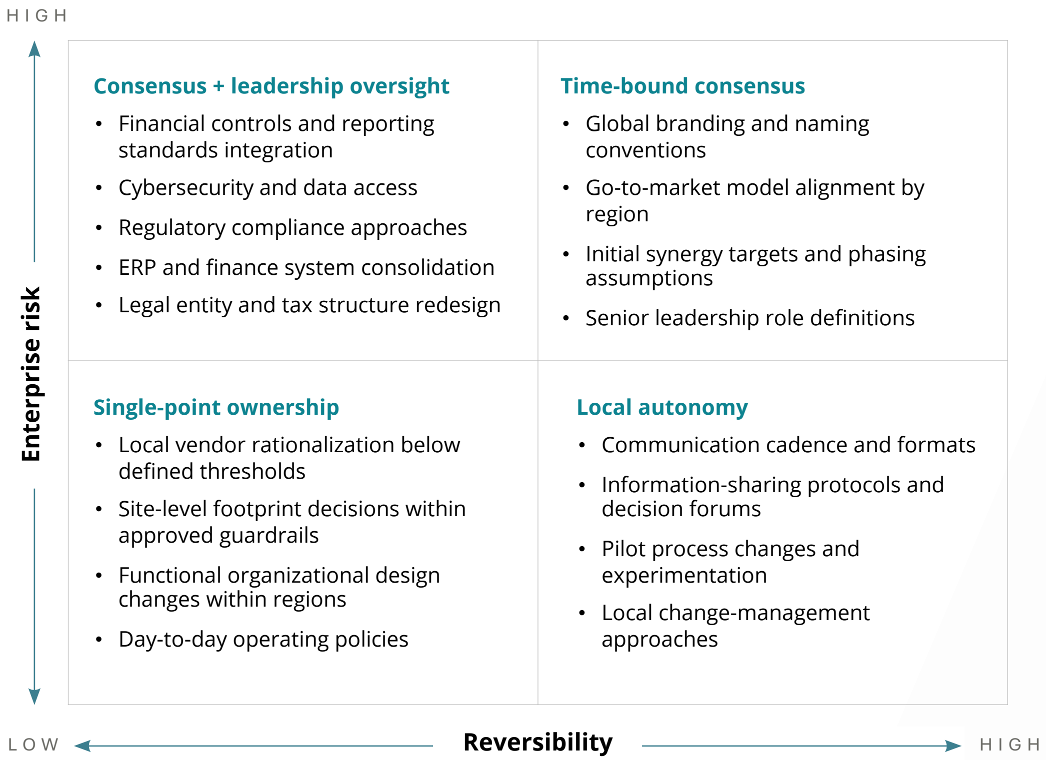
Local teams hesitate when they should act. Teams revisit decisions instead of resolving them and moving on. Integration milestones slip—not catastrophically, but incrementally. As Deloitte explored in the second article of our series, "Operating model first, integration second," many organizations later describe these transactions as "almost successful"—strategically sound deals whose value realization lagged expectations because execution momentum quietly dissipated.

Decision-making architecture is the invisible layer that explains this pattern. When decision mechanics are not explicitly matched to risk, reversibility, and timing, organizations default to habit rather than intent. Over time, that default erodes leadership focus, team engagement, and value capture.

Figure 2 illustrates how different types of decisions, across deal execution and integration, can require different decision mechanics. This clarifies where consensus adds value and where it unnecessarily constrains execution.

Figure 2: Not all decisions require consensus: A practical decision typology

Cross-border M&A stalls when consensus is applied indiscriminately. Effective decision architectures match decision mechanics to risk and reversibility, preserving speed and control.



Source: Deloitte 2026 cross-border M&A survey (n = 126) and qualitative analysis of deal life cycle responses.

What M&A leaders should do differently

For M&A leaders, the implication is clear: They must design decision-making explicitly across the full deal life cycle, not assume it.

At deal inception, leaders should:

- Map the most critical recurring decisions spanning deal strategy, diligence, and integration;
- Define which decisions require consensus, consultation, or ownership;
- Establish escalation triggers and resolution timelines; and
- Design how decision authority transitions from deal teams to integration and steady-state leadership.

These actions do not slow deals down. They reduce friction, protect leadership attention, and allow teams to focus on where they can actually create value.

The final article in this series will examine the role of boards in this equation—and why board-level governance often amplifies, rather than resolves, decision friction in cross-border M&A.

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Other articles in this series:

- **What makes—or breaks—value in cross-border M&A: Insights from Japanese and global dealmakers:** Sets the foundation for the series, drawing on survey insights from M&A executives to explain why cross-border deals underperform and where value is truly created or lost across the deal life cycle.
- **Operating model first, integration second: Why most cross-border PMIs fail before close:** Explores how unresolved operating model decisions made before signing quietly determine post-merger integration outcomes, often locking in value leakage well before Day 1.
- **Boards, risk, and global control: Why cross-border M&A breaks down above the deal team:** Focuses on the role of boards in cross-border M&A, showing how board attention often peaks at deal milestones rather than value moments—and how M&A leaders can engage boards more effectively to enable long-term value creation.

About the survey and acknowledgments

In October 2025, a Deloitte survey conducted by Potloc—a market research firm—polled 126 life sciences executives on globalization strategies, cross-border deal-making and deal value. All participants worked at private or public companies with revenues greater than $10 million (62% were at or above $1 billion). All were Director-level or above and had cross-border M&A experience within the last three years.

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Endnotes

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