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What makes—or breaks—value in cross-border M&A?
Insights from Japanese and global dealmakers

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Cross-border mergers and acquisitions (M&A) is once again a central pillar of global growth strategies. In Japan, outbound deal activity has accelerated sharply, supported by governance reform, increased private equity participation, and greater willingness to pursue complex carve-outs and take-private transactions.¹ For Japanese organizations, particularly in life sciences, M&A has become a critical mechanism to access global markets, innovation, and talent, as articulated in Deloitte's "Beyond borders" publication.²

Yet despite these trends, along with experience and capital, executives continue to report uneven value realization related to cross-border M&A. They are seeing missed synergies, slower integration, and momentum loss after close. To understand why, we surveyed 126 global life sciences executives who have direct experience in cross-border M&A involving Japanese and non-Japanese organizations. We also interviewed a dozen more in the US, Europe, and Asia Pacific. The results point to a clear conclusion: Organizations broadly agree on what makes cross-border M&A difficult, but they diverge sharply on the reasons deals struggle and where in the process they are actually losing value. If that divergence of views is left unaddressed, it may materially increase the risk of value erosion.



A shared diagnosis, but different interpretations

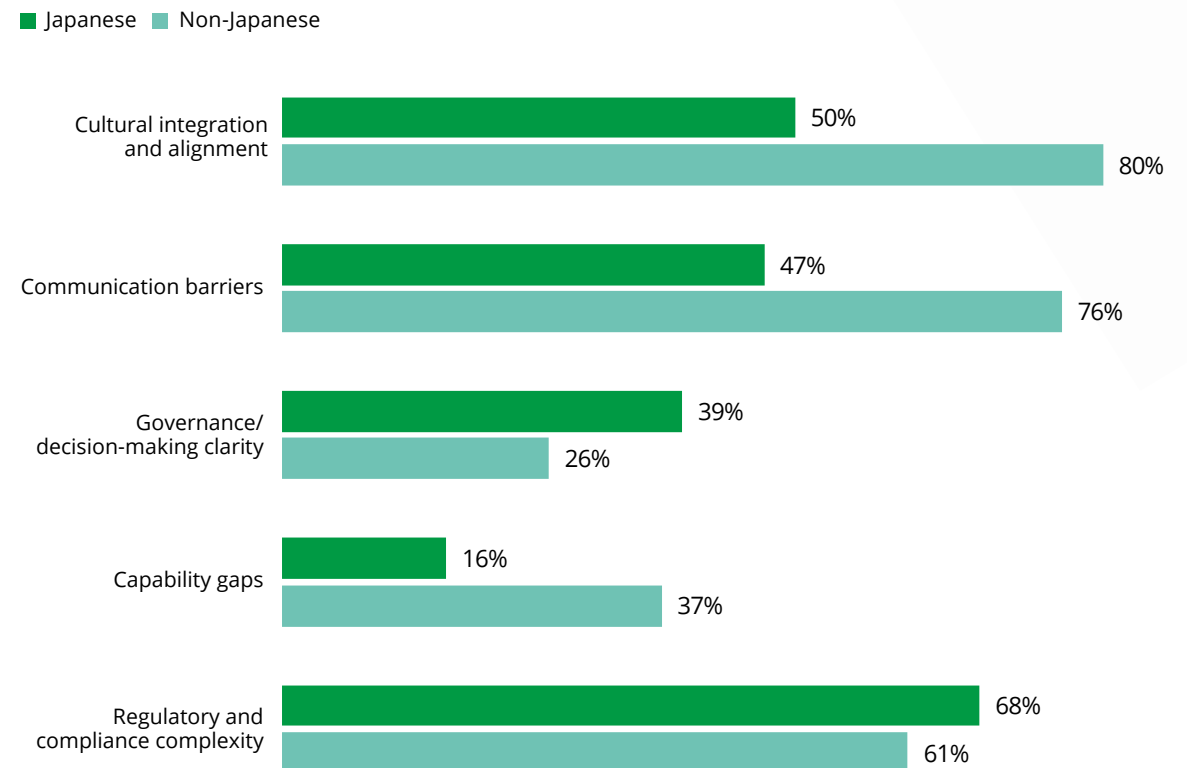
At a surface level, executives across nationalities cite familiar challenges that align with decades of cross-border M&A research:³ regulatory complexity, communication barriers, and post-merger integration (PMI) risk. Figure 1 shows⁴ that Japanese and non-Japanese respondents largely agree on which challenges make cross-border M&A difficult but differ in the relative emphasis they place on each of them.

In particular, non-Japanese respondents are more likely to focus on culture- and governance-related challenges, while Japanese respondents more frequently point to coordination and communication breakdowns. On its own, this difference reflects where the friction is most visible, not yet how to interpret it.

The interpretive gap becomes clearer when we view these results alongside the challenges respondents expressed at later stages in the life cycle and interview commentary. Taken together, the data suggests that non-Japanese respondents more often describe culture as an upstream design variable that shapes decision rights, escalation paths, and risk tolerance. Japanese respondents focus more often on downstream execution symptoms, particularly in cases when misalignment surfaces at closing or early integration. It is this difference in diagnosis, rather than disagreement on difficulty, that helps explain where value begins to leak.

Figure 1. Cross-border M&A challenges are widely recognized, but interpreted differently

Japanese and non-Japanese executives cite similar challenges but diverge on root causes. Non-Japanese respondents emphasize culture, communication, and capability gaps, while Japanese respondents more often experience governance and decision-making friction. Regulatory complexity is widely cited by both groups.



Source: Deloitte 2026 cross-border M&A survey (n = 126). Nationality split: Japanese (n = 38), non-Japanese (n = 88).

Culture is not 'soft.' It is the operating system of execution.

One of the most pronounced divergences in our survey appears in post-merger integration. Non-Japanese respondents are significantly more likely than Japanese respondents to identify cultural integration and alignment as a primary PMI challenge. Non-Japanese respondents also raise cultural and communication barriers more frequently during negotiation and structuring, and place greater emphasis on cultural and organizational assessment during diligence (figure 2).

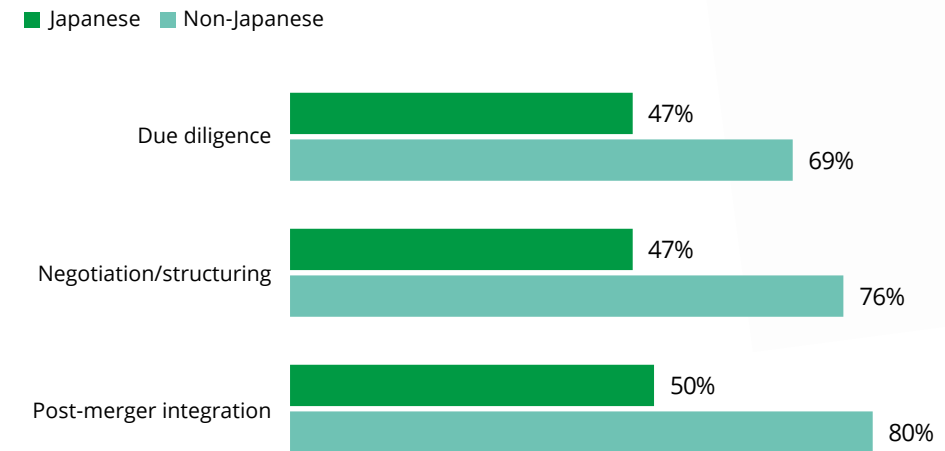
Survey responses help explain this gap. Non-Japanese executives repeatedly use the term “culture” as shorthand for decision rights, escalation paths, and risk tolerance—the ways work gets done in practice. Japanese executives, by contrast, often describe culture through the lens of process friction and communication breakdowns rather than root-cause operating constraints.

This distinction matters. As “Beyond borders” observes, many Japanese organizations deliberately pursue delays in post-merger integration to create stability and thus preserve innovation, talent, and autonomy.⁵ When organizations support such an approach with clear governance and decision-making frameworks, it can protect value. However, when those frameworks are only implicit or assumed, autonomy can quickly turn into ambiguity.

Non-Japanese respondents are significantly more likely than Japanese respondents to identify cultural integration and alignment as a primary PMI challenge.

Figure 2. Cultural friction emerges across the deal life cycle, not just during integration

Cultural and organizational challenges surface at every stage of M&A. Non-Japanese respondents consistently flag culture earlier and more often, while Japanese more frequently experience its impact at closing and integration, suggesting culture is an execution constraint throughout the deal, not a post-close issue.



Source: Deloitte 2026 cross-border M&A survey (n = 126). Nationality split: Japanese (n = 38), non-Japanese (n = 88).



Planning and diligence: Same activities, different emphases

Divergence also emerges earlier in the deal life cycle. Non-Japanese respondents more frequently identify capability gaps—such as repeatable integration processes, governance infrastructure, and internal M&A muscle—as core challenges. Japanese respondents, meanwhile, more frequently cite late-stage communication breakdowns, particularly at closing (figure 3).

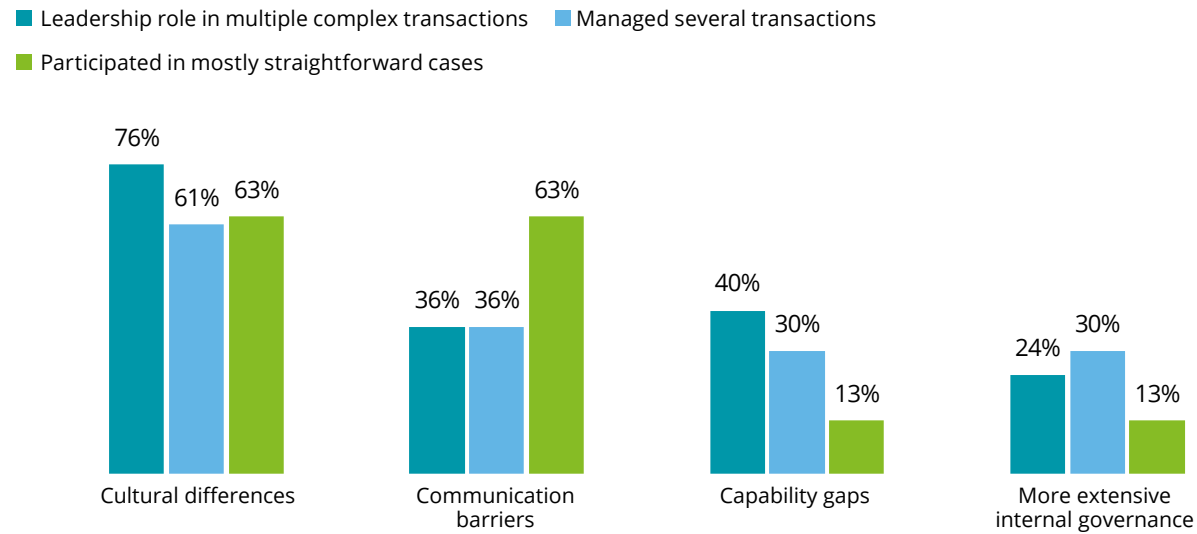
Experience further sharpens this contrast, but not in the ways often assumed. More experienced dealmakers are more likely to identify cultural differences as material drivers of cross-border difficulty. Less experienced participants report cultural and communication barriers at similar levels. This suggests that experience does not eliminate cultural friction, but rather reframes it from a surface coordination or unilateral execution challenge into a structural execution issue tied to decision rights, governance, and operating model design.

While these differences should be interpreted directionally, given sample sizes by experience band, this pattern does reinforce a consistent theme in commentary from the survey: Many integration problems are diagnosed too late, after structural choices have already constrained execution.

This finding echoes Deloitte’s earlier research, which emphasizes that early and focused integration planning has an outsized impact on cross-border deal success.⁶ Our cross-border M&A survey adds nuance: Integration planning must account not only for functional integration, but also for *the ways decisions will be made, escalated, and enforced across borders*.

Figure 3. Deal experience reshapes how executives diagnose cross-border M&A challenges

Less experienced dealmakers focus on visible friction such as communication and coordination. More experienced leaders increasingly diagnose governance, decision-making, and capability gaps as the true constraints on execution. Experience shifts attention from symptoms to structural causes.



Source: Deloitte 2026 cross-border M&A survey (n = 98). Experience split: leadership (n = 26), management (n = 64), participation (n = 8).

Where value actually leaks

When respondents ranked post-merger challenges, culture, decision-making, and integration design consistently outranked technical or financial issues.

These findings are consistent with Deloitte’s experience advising complex cross-border transactions. In practice, value leakage rarely results from a single execution failure. Instead, it emerges when organizations defer early design choices or leave them implicit—for example, governance, operating model, or decision-making authority. This can allow friction to compound across the deal life cycle.

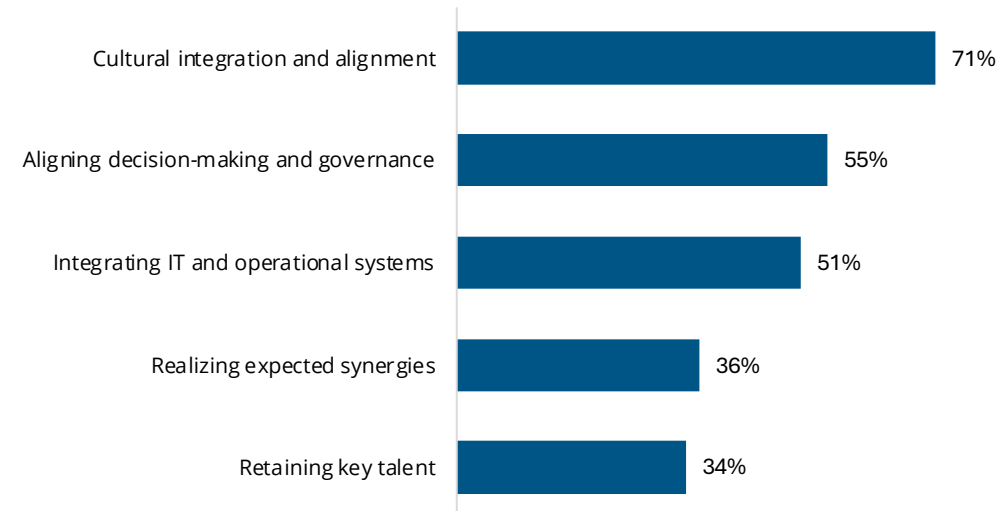
For senior executives, this is a critical insight. Financial and operational issues are easier to measure, which makes them easier to see. Value erosion, by contrast, usually starts elsewhere: decisions that drift, authority that is assumed rather than defined, and expectations that are never fully aligned (figure 4).



None of these issues are catastrophic on their own. The problem is accumulation. A delayed approval causes synergies to slip. An unresolved governance question introduces just enough ambiguity and risk to make teams hesitate. Over time, the deal delivers less than it promised—not because the strategy was flawed, but because the organization was not designed to execute it.

Figure 4. Value erosion in cross-border M&A is driven by execution, not mechanics

Post-merger value erosion is driven primarily by cultural alignment, decision-making, and integration execution rather than technical or financial issues. These challenges compound over time, delaying synergies and undermining momentum. Most value leakage reflects execution design, not deal strategy.



Source: Deloitte 2026 cross-border M&A survey (n = 126)



From symptoms to readiness: How executives should assess their cross-border deals

The preceding sections point to a consistent pattern: What executives experience as cultural friction, broken communication, or slow integration is often the cumulative downstream effect of unexamined assumptions about the ways decisions will be made and enforced across borders.

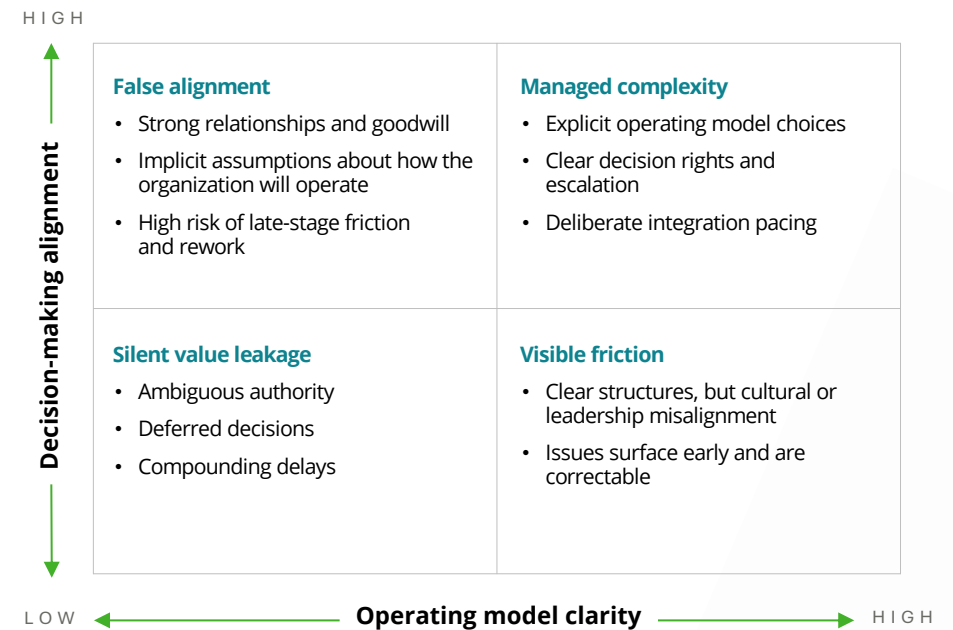
For leaders, the takeaway is not just to “manage culture” more forcefully. Nor is the answer simply to spend more time building alignment after the fact. It is to assess readiness earlier—before assumptions about governance and decision-making harden into execution constraints. Before focusing on integration activities, executives should step back and ask whether the organization has created the durable alignment—grounded in clear operating model choices, decision rights, and escalation paths—that allows them to execute the deal as designed.

Taken together, these findings suggest that many cross-border M&A challenges are not isolated failures, but predictable outcomes of the ways teams design and govern deals. Figure 5 translates these insights into a readiness lens that executives can use to assess their own transactions before value is lost through delayed decisions, unclear authority, or misaligned operating assumptions.

Figure 5 reflects this principle: Clarity must be established before signing, then tested and refined through sign-to-close, before execution pressure takes degrees of freedom away.

Figure 5: A readiness lens for cross-border M&A execution risk

This readiness lens synthesizes survey findings and qualitative insights to show how misalignment between operating model clarity and decision-making alignment drives execution risk in cross-border M&A. It is intended as an executive diagnostic, not a statistical segmentation.





Importantly, addressing these risks is not the responsibility of integration teams alone. Boards and executive leadership own the early design decisions that set governance expectations and decision rights. Deal sponsors and M&A leaders translate those decisions into executable transaction structures. Integration and functional leaders then operationalize them. When ownership is fragmented or assumed, readiness gaps persist—even in otherwise well-designed deals.

This framework reflects a synthesis of the survey data, executive interviews, and our own deal experience, but it is not exhaustive. This is intentional. The framework's value lies in surfacing pressure points early, not in categorizing every possible outcome. At its core are two questions that executives rarely ask directly:

- *How clearly have we defined the end-state operating model—our “how to win” capability system—and the decision rights we need to realize value greater than the sum of the parts?*
- *How aligned are we—across geographies and leadership teams—on the ways decisions will actually be made, escalated, and resolved?*

When either dimension is weak, predictable risks can emerge. Organizations that operate in a false alignment zone often report strong relationships and trust early on, only to encounter delays and rework when implicit assumptions collide later in the process. Those that experience silent value leakage typically defer operating model decisions in the name of flexibility, only to discover after close that ambiguity compounds rather than preserves value.

How misalignment shows up across the four readiness states

A few examples bring this framework to life and illustrate how similar challenges manifest differently depending on operating model clarity and leadership alignment:

False alignment (perceived alignment early; execution breaks when assumptions collide):

- *“We had the same methods on paper, but execution responsibilities were not clear and delayed delivery.”*
- *“We thought everyone agreed on how Day 1 would work, but each team interpreted it differently once the deal closed.”*

Silent value leakage (ambiguity compounds quietly and value erodes without a single visible breakdown):

- *“It was unclear who had the authority to make decisions outside Japan, which caused delays even for small approvals.”*
- *“Multiple levels of management needed to be consulted before decisions were made.”*

Visible friction (issues are obvious and experienced early; coordination costs spike immediately):

- *“Language barriers and time zone differences slowed due diligence and legal reviews.”*
- *“Differences in communication and culture, unclear roles, and difficulties in combining teams.”*

Managed complexity (explicit design contains friction; execution remains steady despite complexity):

- *“By mapping the local approval flow end to end, we were able to reduce rework and accelerate decisions.”*
- *“Clear escalation paths and decision rights helped prevent delays even when disagreements arose.”*



By contrast, organizations that invest early in clarifying operating model intent and decision-making architecture, even when they are pursuing delayed or selective integration, are better positioned to manage complexity without sacrificing momentum.

The intent of this framework is not to categorize organizations, but to help executives identify where pressure points are likely to surface and whether the deal designs they are pursuing are executable given their governance and decision-making realities. This creates a bridge to the next phase of the discussion: If value is lost before integration begins, that means integration outcomes are largely determined by choices made well before close.





Why this matters beyond life sciences, and what M&A leaders should take away

Although this research focuses on cross-border M&A involving life sciences organizations, the implications extend far beyond the sector. Rising private equity participation, increased carve-outs, and more complex cross-border structures are reshaping Japanese M&A across industries.⁸ At the same time, governance reforms have increased deal activity without eliminating structural and cultural complexity.⁹

Across sectors, the same pattern holds: Organizations are better at closing deals than they are at designing for execution.

Our survey data suggests that value in cross-border M&A is rarely destroyed by a single failure. Instead, it erodes through a series of small, compounding mismatches—between operating model intent and decision rights, between decision-making expectations and reality, and between perceived alignment and actual authority.

For leaders responsible for shaping or executing M&A strategy, the takeaways are clear:

- Culture is not a downstream integration issue. It is an operating priority—or constraint—that must be understood and designed around early.
- Many integration challenges are locked in before close through implicit assumptions about governance and control.
- Experience does not eliminate risk, but it does help leaders better understand where to focus. As organizations increasingly rely on M&A as a core growth and globalization lever, the differentiator will not be deal volume or ambition, but the ability to align operating models, decision-making architecture, and governance with the realities of cross-border execution.

For leaders who shape or execute cross-border M&A, these findings offer a lens to reassess where risk may already be embedded and where early design choices can still be adjusted to protect value. The follow-up articles in this series explore these dimensions in greater depth.



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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 dealmaking 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.

A special thank you to Abby Powers and Megan Liang for their support to the authors throughout the development of this survey and publication. The authors would also like to thank (listed in alphabetical order) Chris Caruso, Heiko Dorenwendt, Malcolm Drysdale, Moly Fang, Misato Harada, Cam McClearn, Philipp Mayrl, Mami Suzuki, Xiaoming Zhu, and all others who have contributed to this paper.



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