

Based on Transeo Academy Research • Winter 2025

**EBOOK**

# The Four Distances

## Why European Cross-Border Deals Fail - And How to Beat the Odds

**A practitioner's framework for mid-market M&A success**

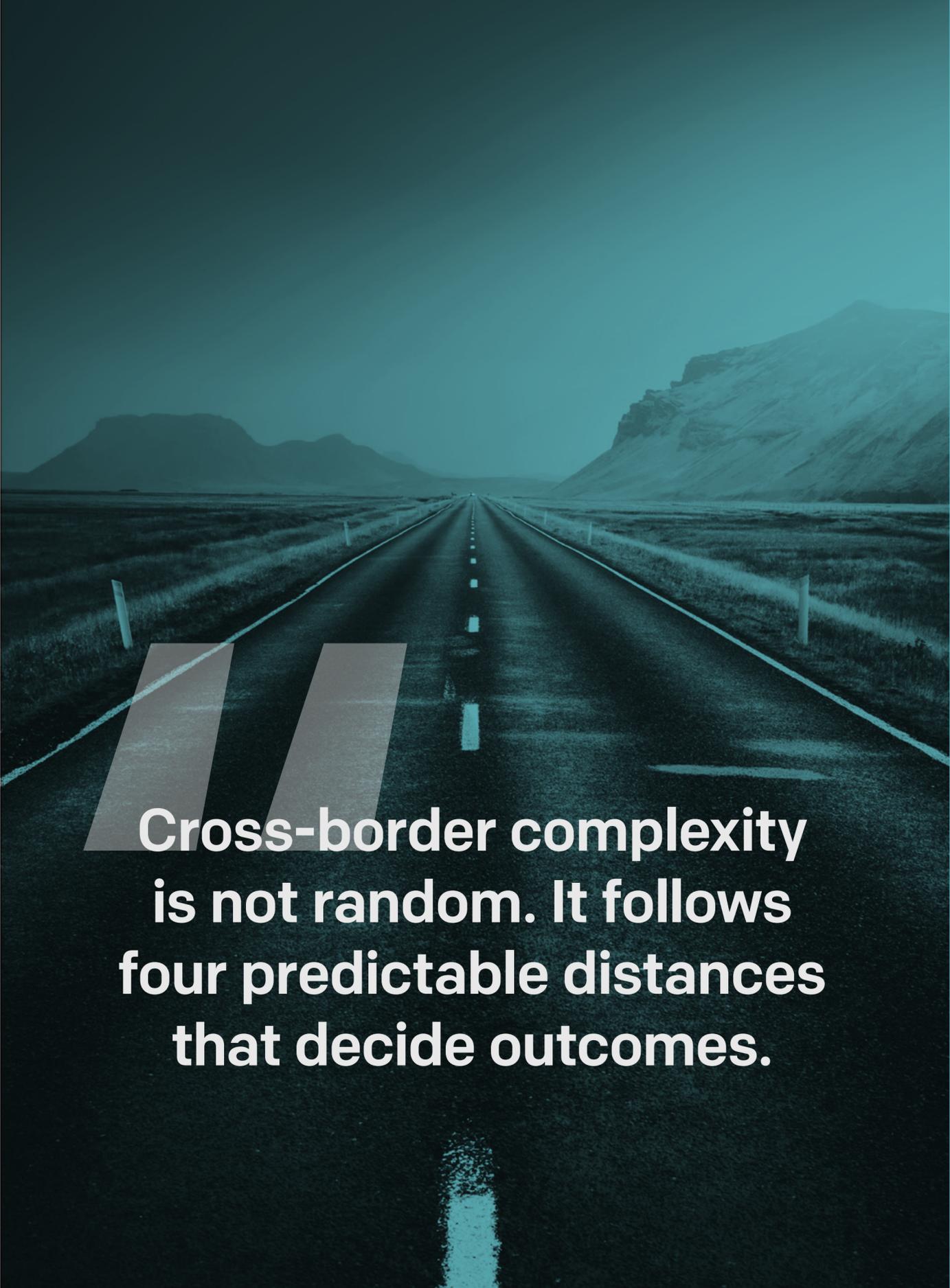


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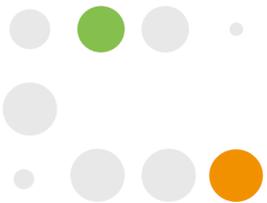


Cross-border SME deals inside Europe should be the easiest transactions we do. Same continent. Overlapping legal traditions. Short flights. Often shared languages. Yet 60 to 80% fail to deliver their promised value.

Price rarely kills the deal. Neither does strategic fit. What destroys value are the human, procedural, and regulatory frictions that surface too late: cultural misreads, information gaps, and timelines nobody budgeted for.

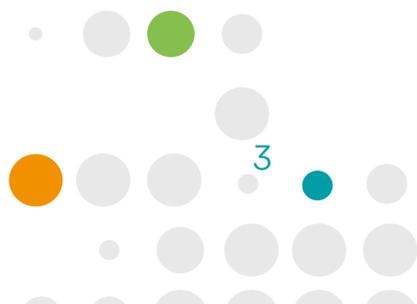


**Cross-border complexity is not random. It follows four predictable distances that decide outcomes.**



# The Four Distances

- 1 Preparation Distance** is the gap between wanting to transact and being truly ready. Sellers who have aligned family expectations, clarified red lines, and cleaned their numbers behave fundamentally differently from those still negotiating internally during exclusivity. Buyers with a written cross-border thesis are more resilient when negotiations turn tense.
- 2 Culture Distance** is the gap between how each side interprets behaviour. Intra-European deals fail because normal local habits - a direct Dutch 'no,' a Belgian preference for consensus, a German insistence on process - are misread as disrespect, weakness, or hidden agendas. The turning point in many deals was simply a 'how we work' conversation that translated styles before they hardened into mistrust.



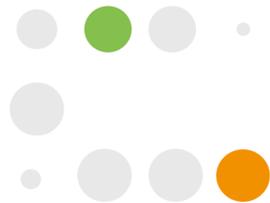
**3 Information Distance** is the gap between what you know and what you need to know - and when you discover the difference. Hidden tax exposures, property encumbrances, side agreements with key managers exist in domestic deals too. Cross-border, they carry more risk and less forgiveness. Meanwhile, regulatory layers - FDI screening, competition clearance, foreign subsidies checks - have extended European timelines from one-to-three months before 2020 to three-to-twelve months today. No materiality threshold exempts SME transactions.

**4 Experience Distance** reflects the asymmetry between serial acquirers and first-time sellers. Large corporate buyers bring playbooks, integration teams, and institutional memory. Most mid-market owners live one or two deals in a lifetime. Research shows many SME acquirers exhibit negative experience effects – without structured learning and external expertise, each deal feels like the first. The tuition is paid in full every time.



**61%**

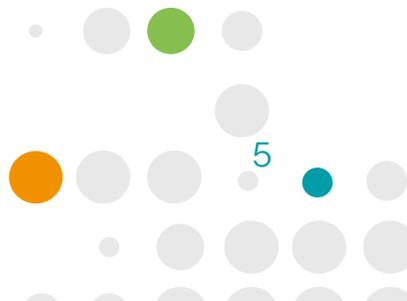
**of cross-border deals are  
mid-market - this is where the  
action is**



## The European Advantage

Here is the counterintuitive truth: intra-regional European cross-border deals - Belgian acquirer targeting France, Dutch buyer expanding into Germany - deliver **top-quartile returns**. They outperform both domestic transactions and inter-regional adventures by 15-25% in two-year shareholder returns. More than 80% of European cross-border deals stay within Europe for good reason.

European companies have spent decades building institutional muscle for navigating moderate complexity: multiple languages, varied legal systems, diverse business cultures. This accumulated experience creates measurable advantage - when harnessed deliberately.



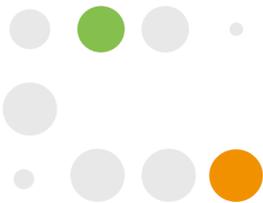
## Four Moves That Work

- 1 Turn fears into conditions.** Vague discomfort cannot be negotiated; concrete conditions can. Surface concerns early and convert them into deal terms that both sides can live with.
- 2 Reframe local habits as assets.** The operational discipline that feels bureaucratic? That's scalability. The consensus-seeking that feels slow? That's stakeholder alignment. Translate irritants into value.
- 3 Design for uncertainty.** Build structures that absorb regulatory surprises and performance variance instead of breaking under them. Earnouts, milestone payments, and governance safeguards exist for this purpose.
- 4 Ensure everyone wins visibly.** Every party must be able to explain at least one clear victory at home - continuity for employees, a credible growth story, disciplined valuation, or respected legacy.



15-25%

higher returns for intra-European deals vs. inter-regional transactions

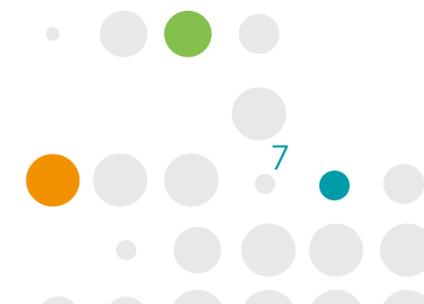


## The Practitioner's Challenge

Cross-border SME deals are not a gamble reserved for global giants. Within Europe, they are a learnable discipline - provided we treat culture and preparation with the same rigour as price and tax.

Before your next cross-border conversation, run it through a brutal checklist: Where are we underprepared? What could still surprise us? Whose experience are we borrowing to close the gap?

**The path to successful cross-border M&A is well-mapped. The question is whether we have the discipline to walk it.**



# Field Rules - Working Checklist

01



Make the cross-border logic explicit and stay within a manageable distance.

02



Bridge GAAP and working capital definitions before you fall in love with the deal.

03



Run cultural and people diligence, not just financial and legal.

04

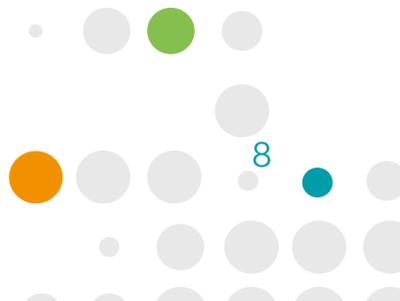


Choose a conscious integration archetype and align expectations early.

05



Treat cross-border M&A as a repeatable capability with a living playbook.



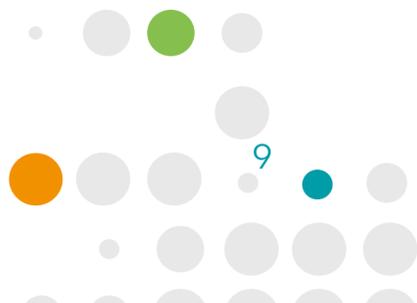


## Chris Raman

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## About Ventures4Growth

Ventures4Growth is a boutique corporate finance firm focused on mid-market M&A, succession and growth capital in BeNeLux and Northern France. The firm helps entrepreneurs and families buy, sell or reorganise their businesses through carefully structured acquisitions, buy-outs, divestitures, and ownership transfers. With a lean partner model and a success-fee driven approach, Ventures4Growth combines deep transaction expertise with a long-term builder's mindset – going beyond what most traditional advisors can offer.





**For more info,  
visit [www.ventures4growth.com](http://www.ventures4growth.com)**

# About Transeo



Transeo is an international community of experts in transfers and acquisitions of small and medium-sized businesses from Europe & beyond.

Transeo encourages transfers and acquisitions of SMEs in Europe and beyond.

Transeo...

- serves as a platform for exchanging **good practices** on a variety of operational issues;
- develops academic and professional **knowledge** on transfers and acquisitions of SMEs;
- provides its Members, who are experts from all over the world, with a range of activities, alongside **networking** and **dealmaking opportunities**, to help them become stronger in their local ecosystem;
- is involved in **advocacy** on business transfer issues to keep them at the top of political agendas by raising awareness among policymakers, and acting as a reference expert in the field.

Thank you



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