

# The Challenges of Selling to Buyers Outside the United States

## *Four Notable Factors*

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CFA has been active closing numerous cross-border transactions over the past 10 years. "Closing a deal with a buyer or seller in your own country is difficult enough," said Armand-Louis Weisheimer, Chairman of the International Corporate Finance Group (of which CFA is a founding member), "but getting a deal done with a buyer or seller from a foreign country who speaks a different language and lives seven time zones away is even more challenging."

What are the biggest challenges of selling your business to a buyer outside of the USA? The following, non-inclusive list of challenges is based upon our experience working with buyers and sellers on cross-border transactions.

### Cultural Differences

Just because it plays in Peoria does not mean it plays in Paris or Prague. The way we conduct business in the USA is much different than other countries. Many people outside the USA think Americans work too many hours and talk about business too much. A typical business lunch with Europeans involves little discussion of business and usually includes a bottle of wine or two. Even table manners are quite different: at a lunch meeting with our buyer clients from Europe, the owners of a business in the USA were amused as they watched their European counterparts eating their pizza with a knife and fork.

### Language Differences

We Americans are spoiled. English has become the language of the business world. We assume everyone around the table speaks English. While most business people outside the USA speak English, they do not always understand American English nor are they conversant with most American colloquialisms. In a recent negotiation with our European buyer-client and American seller, the seller's attorney said of our offer, "That dog don't hunt!" You can only imagine baffled stares on our clients' faces as they asked me to translate. Never assume those around you completely understand what you are saying when English is not their first language.

### Human Resources

Buyers from outside the USA are pleasantly surprised by our employment laws and practices; there is no such thing as at will employment in Europe. At the same time, they are terrified of our litigation-happy society and blanch at our maze of regulatory requirements regarding employment. Buyers outside the US cannot believe how little vacation time is offered to American employees; 4 weeks annual vacation time plus 15 federal holidays per year is the approximate standard in countries outside the USA.

### Accounting Differences

Buyers from outside the USA, especially those in Europe, are dumbstruck by the level of personal expenses many US business owners charge to their businesses. "Charging personal expenses, even if business related, to your business is simply not done in Europe," said Weisheimer, "Auditors in the various countries search for these things. For example, in France, we are not allowed to turn in expenses for

business meetings held on a Sunday because we are prohibited by law from conducting business on Sunday." Furthermore, buyers outside the USA are often confused by the complexity of federal, state, county and municipal tax laws, as well as the challenge of dealing

with multiple states each with their own, often conflicting, tax regulations. The challenges to getting a cross-border deal are myriad and include more than this list. However, with the globalization of business and the lack of strength of the US dollar vis-à-vis other currencies, there has

never been a better time for a US-based company to consider an offer from a buyer outside the US. But remember to mind your manners and to be cognizant of the customs of others from different cultures..

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