

The M&A Capability Cliff: Lean M&A Teams Face a \$3.4 Trillion Deal Wave

How structural transformation and geopolitical shifts are creating unprecedented deal pipeline pressure and unpredictability in execution —just as teams are least equipped to handle it.

The convergence is undeniable and unforgiving. Global M&A activity reached \$3.4 trillion in 2024 and mid-year industry reports indicate substantial increases in 2025 as economic headwinds ease, valuation gaps narrow, and the largest serial acquirers devise approaches to navigating increased market unpredictability. This isn't just another cyclical upturn—it's being driven by what BlackRock and others frame as "mega forces" reshaping our global economy.

Beneath the positive transaction activity signals sits a dark reality for deal outcomes: the very organizations positioned to benefit from this M&A resurgence may be the least prepared to execute. After three-plus years of workforce reductions and operational constraints, lean M&A teams find themselves facing increased deal volume, increased deal complexity, geopolitical fragmentation, and supply chain restructuring.

The Perfect Storm of Structural Drivers

Mid-year industry reports reveal this M&A wave will be different—and more challenging - with key factors driving "economic transformation" that will heavily shape M&A activity:

AI's Infrastructure Buildout: The competition among tech "hyperscalers" continues to intensify, with estimated AI-related capital spending growing from \$0.23 trillion in 2025 to \$0.60 trillion by 2030.

Geopolitical Fragmentation: What analysts see as "deepening fragmentation" is forcing companies to restructure supply chains, pursue vertical integration, and seek geographic diversification. Supply chains can't be rewired quickly without major disruption, so companies are increasingly turning to M&A rather than organic expansion.

Infrastructure Investment Surge: Private infrastructure assets are estimated to grow past \$2 trillion by 2028, with BlackRock and others noting that "private and public markets are coming closer together to fund the large-scale investment needed for economic transformation."

These aren't temporary market conditions—they're structural shifts that will inform and drive M&A demand for years.

The Great M&A Hollowing Out

Just as these mega forces create unprecedented M&A opportunities, corporate development and integration management teams are widely streamlined or dismantled. Since January 1st,

2025, over 2,069 companies have announced mass layoffs, following 95,000 tech workers laid off in 2024 alone.

Corporate development teams, integration management offices, and functional M&A teams—all typically lean by design—were among the first to face cuts as companies slashed headcount budgets in 2022-2024. The result: organizations that once maintained dedicated teams of 8-12 M&A professionals now operate with 2-3 people, often with limited cross-functional support.

Ultimately the distributed M&A expertise that companies had built over years—the IT directors who understood due diligence, the sales ops managers who could model revenue synergies, the HR business partners who knew integration planning—was systematically dismantled.

The Complexity Multiplication Problem

Mid-year analysis reveals why today's deals are fundamentally more challenging than even just five years ago. Factors that have underpinned investment processes for decades have shifted, creating an environment where deal ROI is now far more vulnerable to short-term change factors and market outlook.

This translates directly to M&A execution challenges:

Increased Due Diligence Complexity: Geopolitical fragmentation means every deal now requires assessment of supply chain vulnerabilities, regulatory risks across multiple jurisdictions, and potential trade policy impacts.

Technology Integration Challenges: Technology due diligence has become exponentially more complex with advancements in AI products, compliance criteria, and system integration requirements, requiring expertise that most lean teams don't have and adds time pressures for completion of diligence robustly yet within LOI timeframes.

Supply Chain Restructuring: Unpredictable factors such as cross-border tariffs now pose increased risk of disrupting target company supply chains and potentially revenue streams. This means M&A teams must evaluate not just current operations, but assess multiple complex transformation scenarios.

Consider this scenario playing out at enterprises across the market:

The Two-Person Corp Dev Team: What was once a 10-person corporate development function is now two senior professionals and a junior analyst. They're tasked with executing on an aggressive 2025 M&A roadmap targeting AI capabilities and supply chain resilience.

The Borrowed IT Director: The IT director, already managing infrastructure upgrades to support AI initiatives, is suddenly pulled into due diligence for three deals simultaneously. Each requires 15-20 hours per week of her attention to assess technology integration complexities that didn't exist five years ago. Meanwhile this resource's leadership wants them to focus on non-M&A responsibilities prioritized for the IT organization.

The Learning Curve Tax: The new Sales Ops manager has never seen an M&A deal before. The previous one—with five years of acquisition experience—was laid off in 2023. Now this new hire spends 60% of his time just understanding how to evaluate AI-driven revenue models and geopolitically distributed sales operations.

When Heroics Hit Structural Limits

Many companies have survived recent challenges through individual heroics—the corporate development VP working 80-hour weeks, the finance director becoming an overnight expert in integration planning. But B analysis suggests this approach faces structural limits.

The report emphasizes that "immutable economic laws" constrain how quickly organizations can adapt, and that "upending decades-old trade and capital structures takes time, no matter policy intent." For lean M&A teams, this means they're not just managing more deals—they're managing deals in an environment of unprecedented structural complexity.

The "superhuman individual contributor" model that got companies through the downturn simply cannot scale to meet both the volume and complexity of projected deal activity. When that overworked corp dev VP faces a family emergency or burnout, the entire M&A program grinds to a halt.

The Private Market Pressure Cooker

Industry data reveals another pressure point: companies are "staying private for longer" with the average age at IPO almost doubling over 20 years. This means fewer acquisition targets are readily available through public markets, forcing corporate acquirers to compete directly with private equity's \$2.6 trillion in dry powder for privately-held assets.

Meanwhile, private infrastructure assets under management have grown to over \$1 trillion, with Europe rivaling North America in size. This private capital isn't just competing for deals—it's setting new execution standards. PE firms with dedicated M&A operational teams and systematic frameworks are consistently outcompeting resource-constrained corporates.

The Competitive Reality Check

Research confirms what many M&A leaders fear: the gap between winners and losers is widening rapidly. Companies measuring 5+ PMI KPIs achieve 23% higher synergy capture rates, and "investment in M&A capabilities offers 200-400% ROI" through improved execution.

But especially considering current M&A teams' small size, these performance advantages require an iterative approach guided by a strategic vision. In this environment of elevated uncertainty, successful organizations are those that invest on tactical, incremental improvements to build capabilities towards operational excellence.

Companies with execution capability will capture outsized value from the structural transformation. Those without will watch opportunities pass to better-equipped competitors—including private equity firms and international acquirers who maintained their M&A capabilities during the downturn.

These organizations also recognize that operational transformation requires force multipliers: AI-enabled decisioning tools that can assess complex scenarios, structured playbooks that reduce learning curves for new team members, and advisory partnerships that provide surge capacity without permanent headcount. They've learned that in a world where 70% of deals still fail to capture targeted value, superior decisioning capabilities are key to success.

A Tipping Point

The M&A capability cliff represents more than an operational challenge—it's a strategic inflection point driven by fundamental structural changes in the global economy. Companies that adapt to this new reality—building scalable frameworks, leveraging systematic approaches, and creating force multipliers for lean teams—will thrive in the coming deal wave. Those that continue operating under the heroics model will find themselves overwhelmed by both the volume and complexity of opportunities ahead.

*Does your organization has the M&A capabilities to execute on unprecedented opportunity – and successfully create value? As the deal pipeline wave intersects with the capability cliff, the time for operational preparation is now. **Nimble, impactful, repeatable solutions for M&A excellence is Tiger Team M&A's specialty. Find us at tigerteammna.com or reach us at engage@tigerteammna.com.***

Topical Sources:

- *Layoff Data:* Layoffs.fyi; Challenger, Gray & Christmas; Crunchbase
- *M&A Activity:* BlackRock, Dealogic; PwC; E&Y; Goldman Sachs; JPMorgan
- *Private Equity Trends:* BlackRock, Preqin; Pitchbook; Bain
- *M&A Success Rates:* Harvard Business Review; BCG; McKinsey; Deloitte
- *AI Adoption:* Deloitte; PwC; E&Y