

Navigating the New Aerospace & Defence Landscape: Leadership for a Transforming Sector

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Holmes Noble recently held an insightful and engaging virtual event: “Capital & Conflict: The New Frontier - Mergers, Markets & Innovation Across Aerospace and Defence” featuring Katie Ann Poxon - Global Industrials & Assessment Partner, and John Stack, Senior Managing Director at B. Riley Securities, responsible for Aerospace & Defence (A&D) Investment Banking.

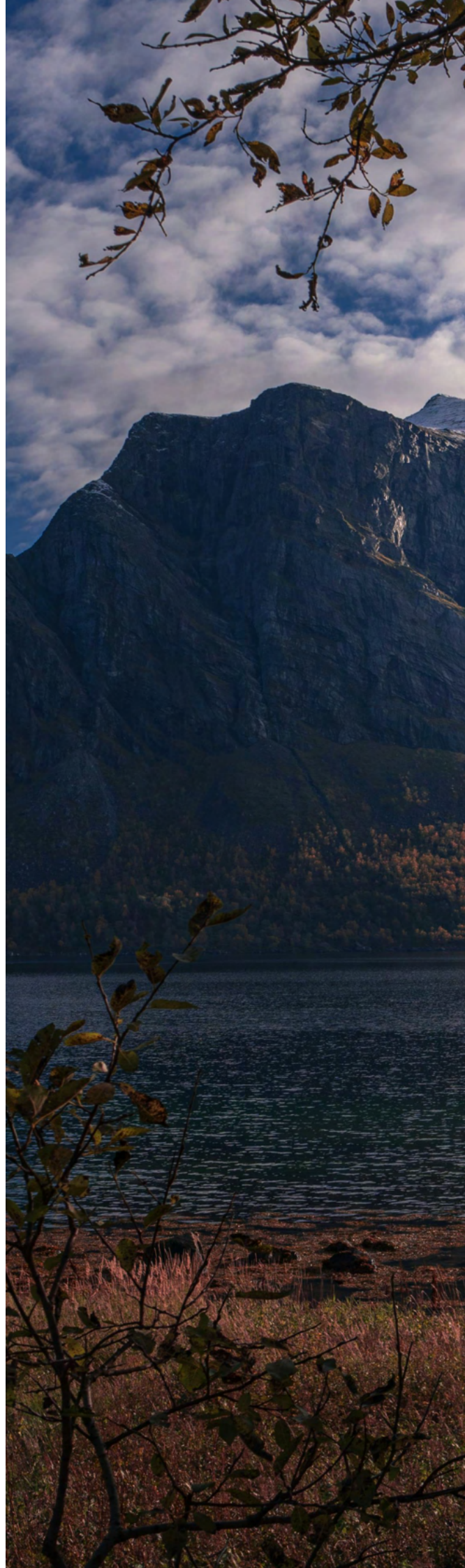
Holmes Noble is a leader in global talent advisory and executive search. With creative solutions, they deliver powerful talent campaigns that support their customers to accelerate their organisations. They challenge the status quo and get remarkable results. They are your people partner - committed, consistent, collaborative.

They offer deep industry expertise and embed themselves into your team. They support your business growth through people growth. They deliver a strategic approach to talent. The global markets they serve include Industrial, Aerospace & Defence, Energy and Infrastructure, Supply Chain Logistics and Transport, Private Equity, Food Services/Retail/Consumer, Technology & Digital.

John Stack has 30+ years' global experience working with publicly traded and privately held companies. During his career, John has worked across the A&D value chain, helping clients with equity capital markets (i.e., ATM, follow on, IPO), mergers & acquisitions and private capital raises. He has been active in defence technology, autonomy/unmanned systems and space.

In an era of economic uncertainties, rapid technological evolution, and shifting geopolitical dynamics, the aerospace and defence sectors face an unprecedented need for heightened situational awareness.

The event forum provided a unique opportunity to explore key trends shaping these sectors and Katie Ann Poxon has written a Thought Paper highlighting the findings and key trends addressed.



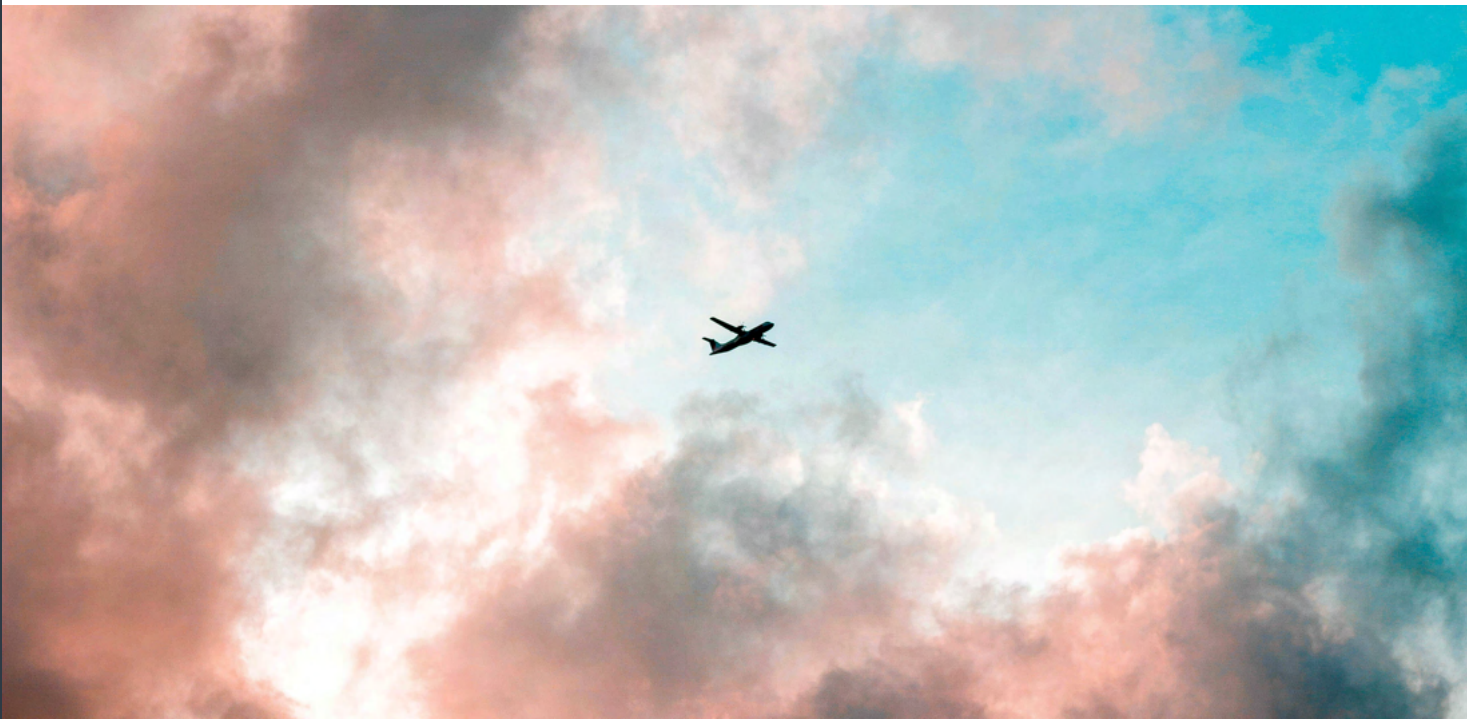
When an off-the-shelf drone can threaten a multi-million-pound military platform, it signals a profound shift in the nature, and economics, of modern conflict. The cost asymmetry has flipped, and with it the balance of power, speed, and innovation. The rules that defined Aerospace & Defence for decades, including precision engineering, long-horizon programmes, and incremental capability upgrades no longer fully map to the threat landscape.

Instead, what's emerging is a world where adaptation beats perfection, and where software outpaces hardware. In this new arena, leadership must be rethought from first principles.

Here and now, the Aerospace & Defence (A&D) sector is experiencing surging defence budgets, recovering demand for commercial aviation, and unprecedented levels of private equity activity. Needless to say, there are exceptional growth opportunities. Yet success in this environment demands more than traditional expertise. It requires a new breed of leader capable of navigating technological disruption, complex M&A dynamics, and rapidly shifting geopolitical realities.

We would like to share our experience of placing top talent in this exciting sector, as well as our recent learnings following a Holmes Noble-hosted webinar entitled *Capital & Conflict: The New Frontier – Mergers, Markets & Innovation Across Aerospace and Defence*. The webinar took place in October 2025, and featured John Stack, Senior Managing Director at B. Riley Securities, responsible for Aerospace & Defence (A&D) Investment Banking, speaking to Katie Ann Poxon, Holmes Noble's Partner - Head of Global Industrial Practice & Assessment. Their discussion produced some rich and unique insights, which are reflected in this report.

The aim of this whitepaper is to explore three fundamental shifts reshaping the A&D landscape and explore what they mean for leadership in the decade ahead.



1. A buoyant M&A landscape: Opportunity meets complexity

The numbers tell a compelling story

The Aerospace & Defence sector is showing potential for rising M&A activity ahead. While Q.3 2025 M&A activity was below the quarterly 5-year average of 92 and there were 81 deals announced, the highest volume since Q.4 2023, according to B. Riley Securities analysis . The quarter included two \$1B+ transactions. John also observed that investor appetite for defence technology remains strong, driving significant investments and premium valuations for private and public companies. Investments continue in emerging technologies, including hypersonics, space, autonomy, unmanned systems and artificial intelligence, generating future M&A opportunities.

According to UHY, the aerospace and defence M&A market is projected to grow from \$218 billion in 2025 to \$382 billion by 2030 , with a strong CAGR of 11.86%.

While private equity is playing a central role in this expansion, the landscape is more nuanced than simple capital deployment. The median holding period for PE-backed A&D companies has extended to six years, which is a 20-year high. This creates what industry observers describe as a 'transaction backlog' that will shape deal flow through 2026.

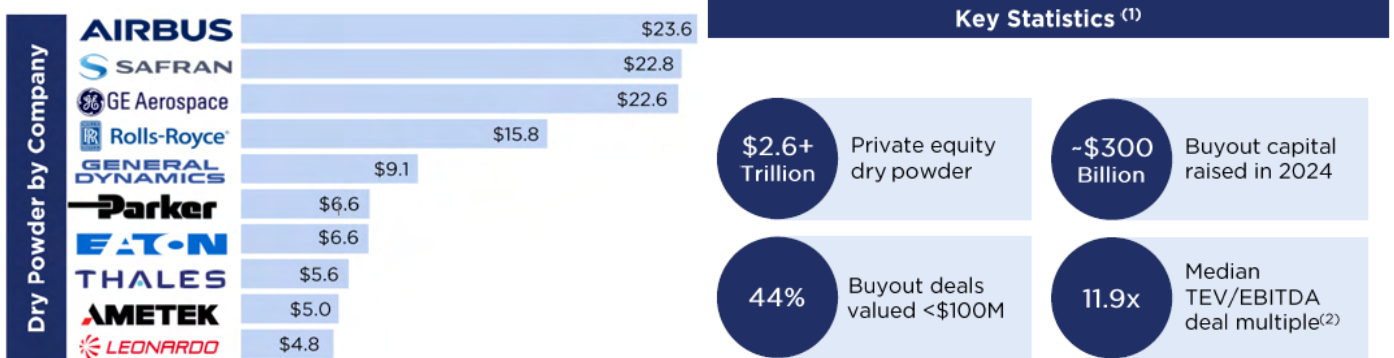
Private equity currently holds a record number of A&D companies with growing interest for liquidity events, especially with commercial aerospace companies that were negatively affected by 737 MAX and Covid.

- John Stack, B. Riley Securities, speaking at the Capital & Conflict: The New Frontier – Mergers, Markets & Innovation Across Aerospace and Defence webinar, hosted by Holmes Noble

The exit strategy imperative

This extended holding period reflects both the complexity of A&D assets and the strategic patience required to build genuine value. Unlike previous cycles where quick flips were common, today's PE investors are taking a longer-term view, investing in capability development, regulatory navigation and market positioning.

The exit landscape is diversifying accordingly. While IPOs are showing renewed receptivity after the Special Purpose Acquisition Company disappointments of recent years, PE-to-PE secondaries are accelerating and strategic sales remain robust. This means successful executives must now position their organisations for multiple exit pathways simultaneously. It's a multifaceted approach that demands commercial sophistication and strategic flexibility.



Source: Bain & Company, McKinsey

https://uhy-us.com/media/u51fkmws/aerospace-analysis_2025_08-pages.pdf
<https://www.axial.net/forum/industry-report-aerospace-defense-1h-2025-focus/>
B Riley Securities Aerospace & Defense Situational Awareness: Third Quarter 2025 report
<https://www.bain.com/insights/aerospace-and-defense-m-and-a-report-2025/>

What this means for leadership

The buoyant M&A environment creates significant opportunities for executives who can navigate complexity. Leaders must demonstrate capability across several dimensions:

1. Deal navigation and integration excellence: The ability to identify, evaluate and execute transactions while managing the intricate regulatory, export control and national security considerations inherent in A&D deals.
2. Value creation over extended horizons: Moving beyond short-term performance metrics to build sustainable growth platforms that can support six-year holding periods and multiple exit scenarios.
3. Commercial acumen in a regulated environment: Balancing the commercial imperatives of PE ownership with the unique compliance, security and governmental relationship requirements of the defence sector.

The executives who thrive in this environment tend to be strategic architects who are capable of building value across complex, multi-year transformation journeys.

2. The technology shift: From exquisite systems to attritable innovation

Perhaps no trend is reshaping A&D more profoundly than the evolution from large, traditional defence systems to smaller, agile, and 'attritable' technologies. The battlefield evidence is compelling, fundamentally altering the economics of warfare.

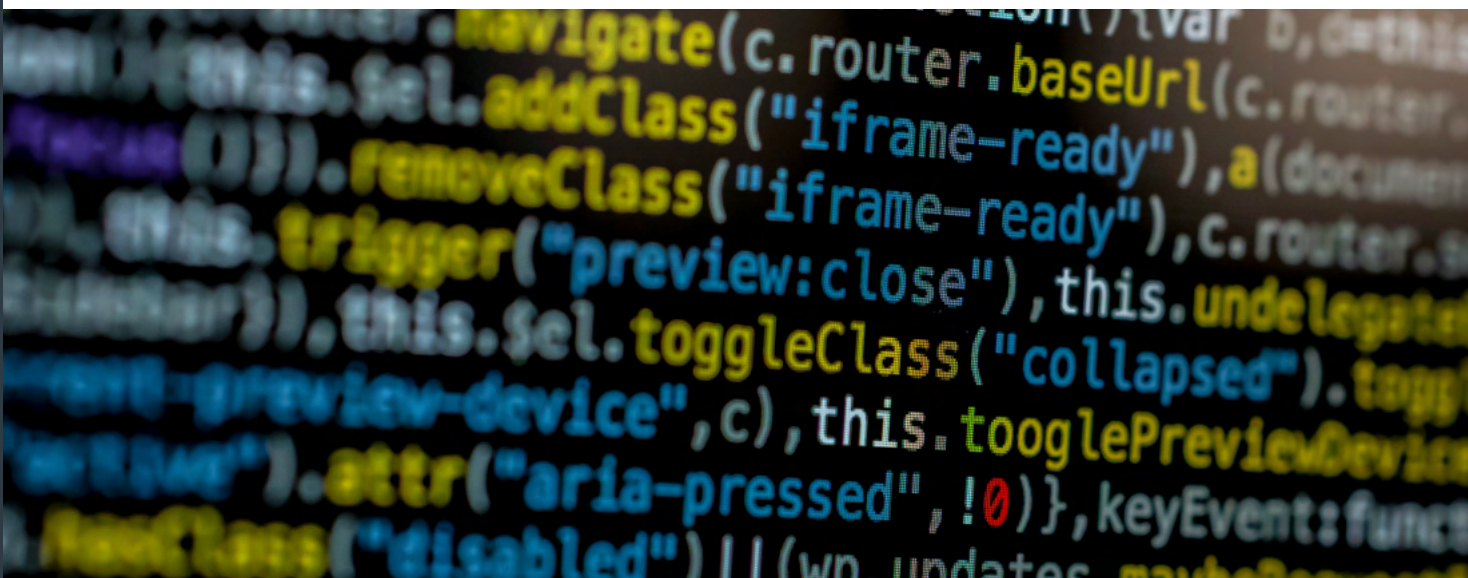


What's the cost to defeat? Are you using a \$2,000,000 cruise missile to take out a \$500 drone? It's obviously not a winning economic formula.



John Stack, B. Riley Securities, speaking at the Capital & Conflict: The New Frontier - Mergers, Markets & Innovation Across Aerospace and Defence webinar, hosted by Holmes Noble

The United States has recognised the addition with significant investment. In 2025, the U.S. allocated \$1 billion to expand its industrial base for one-way attack drones (loitering munitions) and \$1.1 billion to enhance small unmanned aerial systems (UAS) production capabilities at the squad and platoon level. These investments represent a strategic reorientation of defence priorities.



The rise of autonomous systems and AI

The technology shift extends far beyond drones. Autonomous drone swarms, which are coordinated groups that can adapt tactics in real time, are emerging as warfare game-changers, capable of overwhelming traditional defences through sheer numbers and coordinated action. Investment in military AI surged by 30% in 2023, reaching \$14 billion globally. Meanwhile there is another battle being fought against hacking and ransomware attacks. Military cybersecurity spending to protect increasingly networked, and therefore vulnerable, defence systems hit an estimated \$23 billion in 2024.

This technological evolution is creating what some analysts describe as a 'polarisation' in defence systems: a bifurcation towards both smaller, attritable and highly effective systems on one end, and large, exquisite platforms on the other. The middle ground is shrinking.

Increased focused on leveraging commercial innovation for defence applications.

Innovation is increasingly originating within the commercial sector. Traditional defence primes face a strategic choice: build these capabilities internally or acquire the smaller defence tech manufacturers driving innovation. The decision carries profound implications for organisational structure, culture and talent requirements.

Current defence technology valuations reflect both the sector's potential and its risks. Private funding rounds and public company market capitalisations reflect high expectations but also considerable uncertainty. Market rationalisation is inevitable, separating players that can successfully execute their business plans from hype.

Leadership implications

Let's picture the kind of leader who would thrive in this landscape. What's clear is that the seismic technology shifts we're seeing will require leaders with fundamentally different capabilities:

1. Digital fluency as a core competency: A&D is increasingly a technology business. Leaders must understand software, data analytics, AI and autonomous systems. These need to be viewed not as abstract concepts, but as operational realities that shape strategy and execution.
2. Technology roadmap management: The ability to navigate the transition from large, long-cycle programmes to rapid iteration of attritable systems while maintaining the engineering rigour defence applications demand.
3. Bridging commercial and defence worlds: Leaders must translate commercial innovation into defence requirements, understanding both the speed and agility of tech sector development and the compliance, security and reliability standards of defence procurement.

Where is the talent pool? Be mindful that the executives who succeed won't necessarily come from traditional A&D backgrounds. Increasingly, the sector is drawing talent from automotive, technology and other industries where rapid innovation, digital transformation and commercial agility are embedded in the culture.

<https://dronelife.com/2025/05/07/the-attributable-drone-systems-the-us-military-is-looking-for-now/>

<https://dronelife.com/2025/05/01/150-billion-defense-reconciliation-bill-signals-major-boost-for-uncrewed-systems-and-drones/>

<https://www.bdo.ua/en-gb/insights-1/information-materials/2025/key-trends-in-defence-tech>



3. The new leadership profile: Change agents for a transformed sector

The hiring paradox

Despite the profound changes reshaping A&D, many organisations, particularly large corporates, continue to prioritise traditional credentials over the capabilities the market actually demands. This 'hiring paradox' sees firms seeking candidates with conventional defence or aerospace backgrounds whilst the sector cries out for digital fluency, adaptive thinking and commercial agility.

SMEs and PE-backed companies are proving more open to 'change agents' from outside traditional A&D circles. These organisations recognise that a track record of transformation, commerciality and resilience often matters more than sector pedigree.

Critical capabilities for modern A&D leaders

Research and market observation point to several capabilities that distinguish successful A&D leaders in today's environment:

- A. Adaptive leadership and pattern recognition: The ability to transfer skills across contexts, recognise patterns in complex situations and apply creative problem-solving to novel challenges. Leaders who have driven transformation in one sector often bring fresh perspectives that challenge entrenched thinking.
- B. Geopolitical acumen: Understanding the fragmented global landscape, navigating export controls, ITAR regulations and the tension between European strategic autonomy and transatlantic partnerships. The geopolitical dimension of A&D decision-making has never been more complex.
- C. Commercial sophistication in complex environments: Balancing growth imperatives with regulatory compliance, managing long sales cycles while maintaining agility, and understanding how to create value in both government and commercial contexts.
- D. Change management at scale: The capability to drive organisational transformation, reshape cultures and lead teams through periods of significant disruption. These skills are particularly valuable in M&A scenarios and PE-backed growth strategies.
- E. Cognitive diversity and inclusive leadership: Building teams that bring diverse perspectives, experiences and thinking styles to complex problems. The most innovative A&D organisations are those that actively seek cognitive diversity rather than defaulting to familiar profiles.



Rethinking talent acquisition

For organisations serious about competing in the transformed A&D landscape, several principles should guide leadership hiring:

- Look beyond sector experience: Consider candidates from automotive, technology, industrial manufacturing and other sectors where digital transformation, rapid innovation and commercial discipline are embedded. Don't just ask: "Have they worked in A&D?", but "Can they drive the transformation we need?"
- Prioritise adaptability over pedigree: A track record of successfully navigating change, building new capabilities and delivering results in ambiguous environments often predicts success better than traditional credentials.
- Assess for multiple capabilities: Rather than optimising for a single dimension (technical expertise, sector knowledge, functional experience), evaluate candidates across the full spectrum of capabilities modern A&D demands.
- Test rigorously for fit: Cultural alignment, leadership style, motivation and adaptability matter enormously. Rigorous assessment, including psychometric evaluation, behavioural interviews and scenario-based testing, helps avoid costly mis-hires.
- Consider the SME talent pool: Executives from smaller, more agile firms often possess the commerciality, adaptability and hands-on execution capability that larger organisations need as they transform.

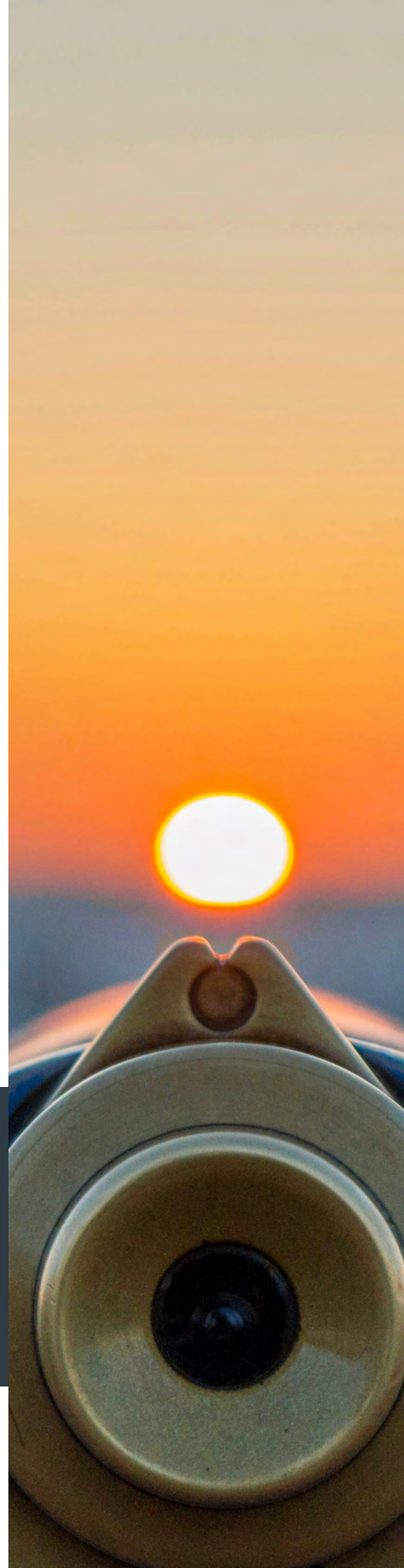
The opportunity for executives

For senior leaders, the current environment presents exceptional opportunities. Executives from large primes are increasingly moving to smaller companies where they can exercise greater autonomy and see more tangible impact. Those with the right blend of capabilities, such as traditional expertise combined with digital fluency, commercial acumen and adaptive leadership, are in high demand.

What has made you successful in the last five years is not necessarily going to be the template for success in the next five years. It's a very dynamic environment.

John Stack, B. Riley Securities speaking at the Capital & Conflict: The New Frontier – Mergers, Markets & Innovation Across Aerospace and Defence webinar, hosted by Holmes Noble

The key is demonstrating not just what you've done, but how you think, how you adapt and how you drive transformation in complex, regulated environments.



Looking ahead: Three questions every A&D leader should ask

The transformation of the A&D sector prompts critical questions for its leaders. As organisations plan for the future, these three questions can help frame the strategic talent agenda:

Is our leadership team equipped for a technology-first defence landscape?
This requires genuine digital fluency at the executive level, not outdated expertise.

Are we hiring for the capabilities we need in 2030, or the ones we needed in 2020?
The hiring process should prioritise adaptability and a track record of transformation over conventional sector pedigree.

Do we have the commercial sophistication to navigate extended PE holding periods and complex exits?
Leaders need to create sustainable value over a six-year horizon and position the business for multiple exit pathways simultaneously.

Conclusion: Leadership as the critical enabler

The Aerospace & Defence sector's transformation is creating a decade-defining opportunity. The convergence of buoyant M&A activity, technological disruption and shifting geopolitical dynamics is reshaping the competitive landscape and creating substantial value for organisations that can navigate the complexity.

Leadership sits at the heart of this opportunity. The executives who will drive success in the next five years look different from those who succeeded in the last five. They combine deep expertise with adaptive capability, traditional rigour with digital fluency, and strategic vision with commercial execution.

For organisations, the imperative is clear: rethink leadership requirements for a transformed sector. Move beyond comfortable hiring patterns to seek the capabilities the market actually demands. Invest in rigorous assessment to ensure both competency and cultural fit and recognise that the best talent may come from unexpected places.

For executives, the message is equally clear: success requires continuous evolution. Digital acumen is no longer optional. Commercial sophistication must complement technical expertise. The ability to drive transformation, navigate ambiguity and lead through change has become the defining characteristic of effective A&D leadership.

The sector's transformation is well underway. The challenge for leadership and leadership hiring will be keeping pace.





About the Author

Katie Ann brings over 26 years of executive search experience and talent management expertise across a diverse range of industries, including Transportation, Manufacturing, Aerospace & Defence, Infrastructure, and Energy. Throughout her career, she has thrived in various career environments, from executive search boutiques to corporate in-house roles to owning her own recruitment business. Notably, Katie Ann spent a decade as Bombardier's Global Executive Search Leader.

During this tenure, she headhunted and managed global executive level appointments and led global large-scale recruitment campaigns. Katie Ann is an expert in C-Suite and executive hiring, bespoke design and implementation of executive assessment frameworks, comprehensive leadership assessment and coaching. She has also leads transformation and talent programs. Having been diagnosed with autism and ADHD, she is instrumental in championing neurodiversity and inclusive practices across organisations.