

# The B2B Marketing Agency Reckoning

7 patterns from 25 years and 5 CMO seats. Why the agency model is breaking, and what comes next when **AI rewrites the math**.

By Hannon Brett · 5x VP/CMO · Founder, The Zulu Method

60%

of senior US marketing leaders cut agency spending in 2025 because of AI.

SOURCE: TYPEFACE · EMARKETER



67%

AI success rate when delivered by specialist vendors. Internal builds: 33%.

SOURCE: MIT NANDA 2025



95%

of corporate generative AI pilots fail to deliver measurable ROI.

SOURCE: MIT NANDA 2025

THE GENAI DIVIDE

## THE 7 PATTERNS

### 01 CONTRACT MISALIGNMENT

#### Agencies sell strategy decks. Buyers need pipeline.

Most agency engagements end with a beautiful slide deck and zero attributed revenue. The agency invoices monthly. You explain to the board why pipeline didn't move.

53% of US B2B marketers say at least 10% of their leads are disqualified by Sales for poor quality. Volume up. Pipeline flat.

INTEGRATE · DEMAND METRIC 2025

→ If the SOW doesn't tie payment to pipeline outcomes, the agency has no skin in the game. Yours does.

### 02 TALENT BAIT & SWITCH

#### The pitch team isn't the work team.

Pitch decks feature veterans. Execution gets handed to juniors. The senior strategist you met at the pitch shows up to one quarterly review and disappears for the rest of the contract.

Across 4 SaaS startups and 5 CMO seats, I've fired three agencies for this exact reason. The last one cost me \$180K and 8 months of runway.

HB · PERSONAL DATA

→ Demand to meet the actual humans who'll work on your account. Before you sign anything.

### 03 BROKEN ECONOMICS

#### Hourly billing punishes speed.

Agencies bill for time. AI compresses time. Their economic model rewards them for being slow. Your interests are misaligned from day one of the contract.

WPP's North East Asia CEO publicly: moving beyond selling hours and commissions toward outcome-based pricing. The model is breaking from the inside.

MARKETING-INTERACTIVE 2025

→ If your agency still bills hourly in 2026, they're optimizing for the wrong number.

### 04 AI THEATER · THE BIG ONE

#### "AI agency" is mostly a rebrand.

Most agencies that say "AI" mean "we use ChatGPT for first drafts." That's not AI-native. AI-native means automation-first architecture. Not tools sprinkled on top of human workflows.

95%

of corporate AI pilots fail to deliver ROI

67%

success with specialist vendor partnerships

33%

success rate for internal AI builds

→ Specialist vendors are 2x more reliable than DIY AI. Ask any "AI agency" for the workflow diagram.



### ZULU CHEAT CODE

#### Audit your agency before your next renewal.

Pull the last 90 days of agency work. Lay it next to your CRM. Three numbers: hours billed, deliverables shipped, pipeline attributed. If the third number is empty or estimated, you don't have an agency. You have a deck factory. Do the audit before the renewal conversation. Not after.

### 05 IN-HOUSE CEILING

#### In-house teams hit a capability ceiling.

You hire a great VP Marketing. They build a team. The team gets good. Then they plateau. The technology stack moves faster than any team can train on. Headcount cannot scale fast enough.

91% of B2B marketers increased content output in 2025. 39% say maintaining voice and quality is now their top challenge. Volume up. Quality dropping.

10FOLD · EMARKETER 2025

→ More headcount won't solve a tooling problem. Automation has to fill the capability gap.

### 06 NEW OPERATING MODEL

#### Senior expertise plus automation beats armies of juniors.

Old model: a senior strategist managing 10 juniors who do the work. New model: a senior operator running 60+ automations that do the work. The math changed when AI became reliable enough to ship.

Smaller specialist teams retain clients longer through deeper integration. Mid-sized project agencies churn 45-50% annually. The model rewards depth.

FOCUS DIGITAL 2026

→ Quality of the operator matters more than headcount. Always did. Now it shows up on the P&L.

### 07 THE NEXT DECADE · THE CLOSE

#### The next 10 years belong to AI-native operators.

The Big Six holding companies' US ad spend share dropped from 44.6% in 2019 to 29.6% in Q1 2024. The model is dying in slow motion. 82% of major brands now operate an in-house agency, up from 78% in 2018. Money is moving. The only question is where it lands.

AI marketing CAGR: 28-35%. Holding company share of US ad spend down 15 points in 5 years. The reckoning is structural, not cyclical.

ANA 2023 · ADVERTISER PERCEPTIONS · EMARKETER

→ The CMO who builds the AI-native function wins the next decade. The CMO who keeps writing checks to traditional agencies subsidizes their consolidation.



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Repost if you've fired an agency for any of these reasons. [thezulumethod.com](http://thezulumethod.com)