Creating Kick-Ass Engagement Plans for Your Key Accounts
Introduction

Accounts management is a long-standing practice that exists in some form in most organizations. From non-profits to small businesses or Fortune 500 companies, retaining customers and creating loyalty is important. Today’s forward-thinking companies separate normal customer relations from key accounts management to focus on getting the most value from top customers. Creating a strong link with key accounts can lead to exponential growth and mutual success through proper key account management.
What is Key Account Management?

Key account management (KAM) is the practice of creating strong relationships with key account holders to keep them heavily invested into your company. It’s not like typical customer relations management where quantity is the biggest focus. KAM pays attention to those top 20% key accounts with personal, one-on-one attention.

Your business goals are a priority. Using the best KAM strategies, you can work together with your key account customers to deliver win/win outcomes for both of you. You’ll do this by tracking what brings the most value to your top customers and finding ways to add value to them with your products and services.

This isn’t a clever sales trick. Instead, it’s applying the principle of reciprocity at its finest. Teach your top customers how to get the best value out of what you offer and they’ll be more inclined to keep coming to you for more. Learn what powers their business and what their goals are. Keep up with changes and transitions going on at their company. Key account management requires you to form a close relationship with your top customers.
Why Practice KAM?

Why bother spending so much time on a few select clients? Statistically, it pays off! KAM has three major benefits that make it worth the effort.

1. Retain Key Accounts

Customer retention reduces business risk. By keeping a good hold on key accounts, your company can practice better risk management. Loyal key accounts are less likely to become at-risk income, even when you and your team make mistakes. A stronger relationship, formed through KAM, will improve customer retention on a long-term basis.
2. Seek Out the Right Kind of New Accounts

By analyzing what makes your key accounts such a good fit, you create a better profile of an ideal customer. What makes your key accounts so useful, and how can you find more customers that are similar to your top 20%? You’ll acquire better information if you get to know your top customers in a close and personal way. Use what you learn plus your company goals to narrow down the sales department’s search for new leads.

3. Gain Competitive Advantage in Your Market

**Differentiation** is the name of the game if you want to get ahead. It’s not enough to offer a great product or service. Your competitors also offer something great. What you need to do is provide a more personal after-sale service. If you stay connected to your key accounts and work with them for their own benefit, they’re more likely to use your services extensively, continue purchasing from you, and provide a good recommendation for you.
What’s a Key Account?

While it’s true that every account is important to your business, some accounts are more vital to your advancement than others. Back in the late 1800’s, an Italian named Vilfredo Pareto came up with the 80/20 Rule, also called the Pareto Principle. He noticed that at least 80% of Italy’s land was owned by 20% of its people. Although he applied it to wealth, it’s a concept that’s been applied to business since then.

In simple terms, the 80/20 Rule shows us that most of the revenue made by a business (80%) is earned from a small percentage of their customers (20%). The numbers probably won’t match up exactly in your own company, but the lesson to learn is that a few of your customers are more important to your success. Logically, you should focus more of your efforts on keeping those 20% loyal. Those are your key accounts.
You can and should segment your customer accounts to find out which ones take the title of most important to your own business. Separate them into three different categories:

- Strategic (Key) Accounts
- House Accounts
- SMB

Key accounts are your prime 20% accounts. House accounts are still important and make up a sizeable part of your revenue, but they are not the top accounts. SMB accounts are small or medium business customer accounts.

To get your focus right, you’ll want to look at way more than just the bottom line. Cash-cow accounts are great for your bottom line, but do they have any expansion potential? Can you see these customer accounts growing with you towards your goals? Key accounts aren’t just those that give you the most money. They also include accounts with future potential, those closely aligned with your product or service, and accounts with long-term connections to your company. Present and future potential value all play a role in determining which are your company’s key accounts.

In order to address your key accounts properly, you’ll need to develop an engagement plan. After finding out who your key accounts are, the engagement plan is the next step to start practicing excellent key accounts management.
Why Create Engagement Plans?

If you approach your key accounts without a strategic plan, you aren’t likely to succeed. An engagement plan gives you a practical path to build good relations with your customers. The goal of this plan is to gain the trust of your key accounts as an advisor.

Your engagement plan is what makes the difference between targeted, proactive key account management and short-sighted, reactive management. Look ahead and create an individualized plan for each account. Learn about what makes their business tick, who their customers are, and how they operate for success. Find out the risks they face and the opportunities they can take for growth. The job of an engagement plan isn’t to run your key accounts’ business for them, but to align your goals with theirs to give you both an advantage. Sticking close to your top accounts puts you ahead of your competition by helping your company stay relevant to your customers. When you’re involved in their success, they’re more likely to remain with you. If you want that chance, you’ll need a solid engagement plan to take control of the process.
What’s an Engagement Plan?

If the goal of KAM is to create win/win scenarios, then you can consider the engagement plan as a map to that outcome. It’s your game plan, and it’s customized to fit each individual key account. There’s no cookie-cutter engagement plan that will retain and grow your top customers! This is where the learning and understanding comes into play.

It might help you to consider it a “Joint Success Plan” instead of an engagement plan. You’re not only looking at how you can benefit from the customer, but how they can benefit from you as well. The only way to truly grow or expand a customer account is to demonstrate how your other products and services would help that customer achieve their goals alongside their current purchase.
Part of the engagement plan involves making commitments to your customers and following through on them. These might be from the service they purchased, or included in after-sale service. If you fail to prioritize your end of the bargain, you can’t expect any loyalty from your customer accounts. No one wants to work exclusively with someone that’s just in it for the bottom line!

Observe the problems and solutions from both points of view. Does what you’re offering actively combat your customer’s problems? Is it the best option for them, or are there other products and services that would work better? Yes, you want to keep and grow the account, but if what they need doesn’t line up with what you offer you’ll have to consider if they’re really a key account or not.

When you’re working with key accounts, you always have to ask yourself what’s in it for them. Your top customers aren’t going to make a move just because it’s good for you. Without an incentive for their own benefit, they won’t make any serious monetary decisions. To practice KAM, you are the one who needs to take charge and find a solution that works for both parties. Your customers will not search for solutions that revolve around you.
In your efforts to remain relevant and useful to your key accounts, don’t make the mistake of losing benefits from them. Key account management is a two-way street, and there must be benefits coming to you as well to make all the efforts pay off. Your main goal will be to retain and grow that account. The mission is to turn a key customer into the best customer your business has by selling more to them without creating resentment.

Your engagement plan should be a strategy on how to create more sales without being pushy and forceful. Build up loyalty, respect, and trust between your business and your key accounts. Only from that point on will you be able to make more sales without risking a strained relationship. At the end of the day, you want your customers to like you enough to give you references and recommend others to use your company as well. They won’t do that unless you give high-level, personalized service that benefits both parties.
What Does a Kick-Ass Engagement Plan Look Like?

Kick-ass engagement plans are a tall order, so it’s vital that you take your time and do a good job creating yours. Here are the characteristics of the best engagement plans:

1. Proactive, not reactive

It’s your job to plan the forward motion, not just respond to whatever happens. You should anticipate issues before they happen. Plan how to address a variety of scenarios that may or may not take place. Don’t wait for things to happen; make them happen through carefully planned forward momentum.
2. Strategic, no guesswork

Part of planning forward motion involves a strategic understanding of everything at play. It’s helpful to do regular SWOT analysis reports to understand all the potential factors that affect your relationship with your key accounts. Know your strengths and theirs so you can take advantage of them, but also be keenly aware of both party’s weaknesses.

Strategy can’t be formed inside a bubble. You’ll need to observe and monitor the environment around your company and theirs to avoid costly mistakes. Notice opportunities before they’re taken, and plan for threats before they ruin a sweet deal.

3. Purposeful, not accidental

You can’t just wake up and stumble into a fantastic engagement plan. This is something you’ll be working on for weeks or months to perfect. Spend a lot of time gathering solid information to work with. Good information is your foundation for success. You won’t create a killer engagement plan on accident; it’s something you’ll deliberately work on.

With that being said, you don’t have to come up with an engagement plan out of thin air. Part of working with a purpose is spending your time wisely. Templates and resources already exist to help you create a plan. Make sure you’re individualizing it to fit the unique situation, but don’t make the work harder than it has to be.
4. Strong focus on customer needs

It’s easy to write up your own goals with an account, but that’s not going to get you far. For a kick-ass engagement plan, you need to pay just as much attention to what your customers need. In fact, you may give more attention to your customers in the plan. Just make sure you don’t forget that the end result must be positive for both of you.

5. Specific milestones and goals (SMART goals)

Specific, Measurable, Attainable, Realistic, Time-bound (SMART) goals are a must. You and your customers must both be able to track progress towards goals without having to constantly communicate about them. Goals should be highly visibly, clearly stated, and agreed on.

6. Accountable for progress

SMART goals have another purpose that’s just as relevant. You and your key accounts should both be able to hold each other accountable for progress towards goals. Transparency in this area brings credibility to the relationship. As you prove your willingness to meet the goals stated, you’ll foster a stronger trust.
7. Flexible to changes from customer feedback

Engagement plans should not be one-sided affairs meant for only your eyes. You need to share your plan with your key accounts while you’re making it and after it’s done. Based on their feedback, changes should be made to the plan so it will fit their company better.

8. Formed through a collaborated effort

Collaborate with everyone on your engagement plan. Don’t rely on your own knowledge and your department too much. Draw insights and inspiration from communicating with peers, colleagues, other department heads, and the customer. Make the engagement plan a topic of conversation and bring it up often.

9. Useful for multiple departments

Remember how we mentioned before that good key accounts management helps your company find and acquire new target customers? The engagement plan helps you spread word around your company to help your customer’s voice be heard. You want this plan to accurately represent your company and your customers so that it can be used by other departments for research and information purposes. The end goal is growth everywhere, facilitated by an engagement plan.
10. Constantly updated and changing

Engagement plans aren’t stuffy presentations that are taken out once a year to review. This document should be as visible as your mission statement and flexible as your short-term goals. You should make adjustments when they’re needed. This isn’t just a guideline, it’s your plan for a successful relationship with a key account holder. Whenever a slight change in direction is needed to make the path smoother, your engagement plan should reflect that change.
Benefits of Creating Kick-Ass Engagement Plans

What’s the real benefit of spending time creating and updating an engagement plan? There are six major benefits.

- **Do the right things for the right customers**

  Once you’ve decided who your key accounts are, your next step should be figuring out an engagement plan for retention and growth. A well-formed plan will help you make the right moves to accomplish your goals.

- **Clarity on future plans and intentions**

  No one can be productive if they’re not sure what they’re trying to accomplish. You and your staff need to be able to exactly define what your plans are, where you stand in the present, and what everyone needs to do for success.
Accountability in the partnership

Your key accounts should be able to see you following through on promises made in your meetings and communications. On the flip side, you should also be able to make sure your customers are holding up their end of the deal. Engagement plans bring accountability for sides of the table.

Improved relationship with your key account customers

Good relations are one of the only things that will differentiate you from your competitors and foster customer loyalty in most industries. Engagement plans bring about better customer relationships and keep them on the right track.

Trust and advisement

Your customers are more likely to trust you knowing you have a solid plan (that they helped to create!). This can lead your company to serve in an advisory role to customers, but only if you show them that you’re looking out for their benefit as well.
Proactive steps for mutual benefit

Arguably the best benefit of a kick-ass engagement plan is creating a series of steps that allow you to be proactive in how you deal with your customers. Lay out the framework to get the benefits you and your customers are looking for. You should never be surprised by new developments; be the one shaping the future instead of responding to it!

Pro Tip

Engagement plans are not meant for your company’s eyes only. The customer should have full access to them, so they can collaborate with you in every way possible. They need to buy into the idea that your company’s products and services, plus mutual cooperation, will equal out to success for them.
Conclusion

Knowing is only half the battle for key accounts management. You have to get started and actually put this knowledge into practice in your own business. Start by segmenting customer accounts, then creating engagement plans for each key account. Software like Kapta can help you stay organized throughout the process.

Kapta allows you to create and maintain interactive engagement plans for key accounts. You and your accountswill be able to access and view the information at any time andcreate a collaborative Joint Success Plan. In addition, you’ll be able to avoid surprises by getting accurate forecasts, accessing real-time account risks, and keeping track of which accounts need attention at any time. This is the formula to help you and your company succeed in key accounts management.