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# THINKING BIG

## How to Drive **Transaction Size** Through **Project Selling**

**N**ot too long ago, a typical customer walked into Strosnidiers Hardware in Bethesda, Md., looking for Spackle. The store manager, Craig Smith, greeted the shopper at the door, and as the two ventured toward the paint and sundries department, Smith asked the customer what kind of project he was tackling.

WHEN THE CUSTOMER EXPLAINED HE WAS fixing a hole in some drywall, a bell went off in Smith's head. He knew he was no longer helping a customer find a product; he was now helping the weekend warrior with a project.

So along the way to take the customer to the Spackle, Smith pointed out sandpaper, scrapers and drywall tape while explaining each step of how the customer could effectively repair the hole in his wall. By the time the two had reached aisle five, the customer's basket was full of products.

Better yet, Smith realized and was able to convey to the customer that the project actually merited joint compound instead of the originally-requested

Spackle, a detail that could have been easily overlooked. By the end of the transaction, the customer had walked out with all the products he needed to complete his project, and Smith had turned a \$2.50 sale into a \$20 purchase.

Smith's story is one that unfolds in retail stores across the country every day as savvy retailers are able to translate item sales into project sales by just listening to their customers and participating in the art of sales.

Just about every retailer knows that they can earn more by selling customers an entire project than they can earn by selling them a product. They also know that making sure customers leave with every-



Benjamin  
Moore  
Paints

Regal  
AquaGloss

**SHUR-LINE**  
Edge Like A Pro  
Crimped & Tapered Paint Edge  
ELIMINATES TAPPING  
Elimina El Pateado

1/2" Nap  
Fabric Dropcloth

Sales Associate Don Pape practices proper project selling as he preps his customer with all the products she'll need to paint right the first time.

## PROJECT SELLING



Aaron Leeks, hardware department associate at Strosniders Hardware in Bethesda, Md., takes time out to explain other products his customer may need for her project. What would have been a \$2 transaction turned into a double digit sale.

thing they need to do the job right is also a benefit to the customer. So, why is it that so many retailers find it difficult to master the art of project selling?

Often, it is because salesfloor employees don't fully understand the project-selling process or are intimidated by engaging a customer about their what kind of project they may be undertaking.

### Read Between the Lines

Project selling is particularly critical in today's economy when consumers are looking for that one-stop shop and retailers are looking for ways to drive larger transactions. Many new employees, and unfortunately some retailers, are afraid of overselling. Of course, you don't want to be overzealous or pushy, but keeping customers aware of their options is one way to provide good service. Delve deeper. Get into the customer's head. Read between the lines and envision the final project.

"Asking questions, selling—it's not a bad thing," says Pat Deary, who owns Noblesville Ace in Noblesville, Ind., with his wife, Allison. "Not only do projects sell more products, but they also create a bond between your store and the customer, which is what we are all after."

To spur project selling, you can do more than simply try to offer your customers additional products. There are a host of other strategies that can position your store as a project destination, like making sure you have frequently requested products stocked, defining responsibilities and helping employees better understand the projects they are trying to sell. In the following pages, we will discuss how your salesfloor employees can become more successful project sellers. Along with some tips about the basics of project selling, we will also discuss some of the most common projects all independent retailers should be able to sell. We also feature a special project selling section geared toward lumber and building material retailers. Members of the North American Retail Hardware Association (NRHA) can even go to [www.nrha.org](http://www.nrha.org) to print off how-to brochures for more guidance.

"Your viability as a store will be determined by how you sell projects and not just the product," says Smith. "Especially in this economy, you need to be able to give your customers everything they need in one stop, from products to education."

## Project Selling 101

### Protocols of Project Selling

- Most projects start with a product: A customer comes in looking for a can of paint to repaint her daughter's room. These products are called **project starters**. They should be priced aggressively to bring the customer to your store.
- Once the customer is at the paint counter, your sales associate should ask her if she has the brushes, mineral spirits and drop cloth that she needs to get a professional-quality finish. Does she have primer? Will she get wavy lines because she doesn't have painter's tape? These are called the **add-ons**—the tools and supplies to get the job done.
- Finally, is your inventory stocked with the basics for the project? Nothing will send a customer to a big box faster than not being able to find the products for a project. You don't have to stock every shade of pink paint, and you won't have every brand of scraper, but if you're out of typical **project killers**, the products that are necessary to complete the task or the entire project, you risk losing that customer forever.

After reviewing the products on the following pages, visit [www.nrha.org](http://www.nrha.org) and check out a list of project killers. Make sure you're never out of these products.

### Project Trends

Although project selling lends itself well to independent retailers because of the selling skills and customer service required to help shoppers, the big boxes by no means overlook it. Project selling is what every retailer strives for. By tapping into advantages like stronger customer service, a more comfortable shopping environment and a more personal experience, independents will be able to trump the competition on many projects.

"For the most part, you go in a big box and ask for help and you get a finger pointed in a particular direction, but that is about all you'll get," says Smith. "Our advantage is that we have the customer in the store. We have their attention and we can talk to them and find out what they really need to get a positive result."

### The Whole Package

Like many tasks in the store, successful project selling is going to take a cooperative effort between management and staff. This team effort must work with cross-merchandising and signage to focus on the entire solution.

"If a customer walks out with just a gallon of paint, we didn't do our job," says Smith. "We need to present those options; the odds are that customer is going to need something else."

### Sales Associates' Responsibility

Employees are going to be your front-line offense when it comes to project selling. With proper product knowledge, employees have the ability to gain the customers' confidence and help get them the tools to get the job done right. Encourage staff to essentially read your customers' minds and to think of the entire experience. If a consumer comes in asking for deck stain, she's probably refinishing her deck; although she may not tell you this, ask her if she has deck wash and even promote the patio furniture she'll need



Weekend warrior **Emily DiRosa** came into **Noblesville Ace Hardware** for grass seed but ended up leaving with bags full of the necessities for a perfect lawn.

to enjoy her beautifully refinished deck afterward. Adding on these products creates something called Valuable Margin Opportunities (VMOs). These VMOs are products that can really drive transaction size and overall gross profit on every sale. Some suggestions about how to help your employees identify more VMOs are to utilize NRHA's basic training and invite vendor reps to come in and educate your staff on their products.

### Retailers' Responsibility

Retailers must not only heed the advice they give to employees but must also support that mission with proper pricing, inventory control and up-to-date project education. You must make a commitment to project-oriented selling. You cannot think in terms of SKUs and linear product assortments. Instead, you must think like the customer and encourage everyone who interacts with a customer to do the same.

*As you review the projects on the following pages, remember that these are not the only supplies and tools that can be added on to each project; these guides are intended to be an introductory tool. Cost and suggested retail cost were determined as an average across a variety of brands most attractive to DIYers, using the low-level price points. Although a customer probably won't need all the tools listed on the following pages, there is the potential that they might, so offer the option. Gross margin potential is the total of all the tools and supplies listed in the supply list. ➔*

## TRY IN YOUR STORE

Challenge employees' project knowledge by trying an activity. Name a project starter then go around the room to see who can come up with the most creative add-on for that project.

## A STeP UP

Several years ago, NRHA came up with an acronym to help both retailers and salesfloor employees to remember how to get the most from entire projects. In any sales transaction, employees should remember A STeP UP and think about each of the letters to make sure they aren't missing any sales opportunities.

**A—Accessories:** Anything that might complement the project.

**S—Supplies:** The basic items needed to complete a project, usually consumable products.

**T—Tools:** The items needed to apply the supplies.

**P—Prep:** Products needed to prepare the project.

**U—Utility Products:** Basic products that apply to several projects; think safety.

**P—Post Project:** Products needed once the main project is done.

# PROJECT NO. 1

## Weatherizing the Home

**T**he average house—even when well-insulated—contains cracks and gaps between building materials that can add up to a hole about 14 inches square. In the winter, those gaps may make the house drafty. And in the summer, air conditioning can slip out costing consumers hundreds of dollars. All yearlong, a leaky house not only wastes energy, but can also lead to water damage and provide a path for insects.

FURTHERMORE, WEATHERIZATION IS A POPULAR DIY project, especially in a down economy when consumers are looking to hold on to every penny they can.

### Why this Project Works for the Independent

Three words: Cash for Caulkers. More consumers are putting on their DIY hats in an attempt to get their share of new energy efficiency home improvement incentives including tax breaks and rebates. But oftentimes, the consumers are going to be DIY novices, coming in with little information on which products qualify and how to implement the projects in their homes. That's where the one-on-one attention from a knowledgeable staff member is essential. Being able to spend quality time to educate a customer, not only on the products they will need to get the job done but also on which ones will help them qualify for the incentives, will develop loyal customers and increased transaction size. Make sure you're able to offer that advice by brushing up on some of these incentives on Page 56.



Weatherization is a perfect project for the independent to sell as customers will want knowledgeable associates to answer basic questions and explain how weatherizing can offer a return on their investment.

### TIPS

- Weatherization can be a tricky project to sell. Because this project deals with minute cracks and gaps, it is an often overlooked project that customers won't necessarily think to invest in. Draw attention to the concept of weatherproofing with a prominent endcap, or try setting up a display on the floor so the employee can point out how to do the project while explaining the products.
- Education will dominate this project, so make sure everyone on staff is up-to-date on different programs and projects that will help save customers money down the road. Think about inviting vendors in to explain proper product usage and product benefits.
- Signage will also help focus attention on this project. Create informational signage or charts to help consumers figure out what products they need.



## CHECK IT OUT

For a printable version of supply checklists for each of these projects, visit [www.nrha.org](http://www.nrha.org). Print off the PDFs and use them as helpful guidelines for employees or provide them to customers as project reminders.

## Tools/Supplies Needed

- Weatherstripping
- Hacksaw
- Pencil
- Screwdriver
- Caulking
- Utility Knife
- Paint Thinner
- Wire Brush
- Tin Snips
- Measuring Tape
- Hammer
- Scissors
- Caulking Gun
- Utility Blades
- Rags

## Project Margin

Starter	Cost	Retail	Gross Margin
Weatherstripping .....	\$.250	\$5.00	\$2.50
Potential Project Total .....	\$.55.10	\$103.25	\$48.15

## Valuable Margin Opportunities

Project Starter	Gross Margin Percent
Weatherstripping .....	.50%

Product Add-ons	Gross Margin Percent
Screwdriver .....	.50%
Utility Knife/Utility Blades .....	.52% /50%
Caulking/Caulking Gun .....	.48% /47%
Wire Brush .....	.52%

## WAYS TO PROMOTE THIS PROJECT

- Weatherization will be a hot project in winter and summer so ramp up marketing of this project early in your fall and spring selling seasons, and make sure you're focusing fliers and circulars around the energy savings your customers may be missing out on.
- Offer a free energy audit service for customers. Any of your employees can perform basic energy audits for your customers. For more information on easy DIY energy audits, visit the U.S. Department of Energy's Web site [www.energysavers.gov](http://www.energysavers.gov). Once the audit is complete, have the employee offer a list of products available at your store to help fix problem areas.
- Develop an energy information portal on social networking Web sites like Facebook or Twitter and send out information on rebates and incentives on your Web site or in e-newsletters. Don't forget to attach a coupon at the bottom of your posts or newsletters to encourage store traffic.
- Host a weatherization event, like Pat Deary from Noblesville Ace in Noblesville, Ind., does in winter. Show how to do simple energy saving projects like weatherstripping doors. Make sure to set out all the products used in the how-to session so attendees can get the products after the explanation.

# PROJECT **NO. 2** Freshen Up with **Paint**

**W**hat's one project that can transform a customer's entire home environment quickly and cost effectively? If you've been reading up on any home trends lately, you'd know it's paint. Paint offers the perfect low-cost, high-impact solution. Whether it's first-time homebuyers or longtime owners who are looking for less costly ways to freshen up their space, more consumers are turning to paint to give them a new environment without the investment of full-scale remodels or moving.

## Why this Project Works for the Independent

Paint is a category in which an independent can offer the same—if not more—breadth of products, while also offering one-on-one consultation services that both sell product and develop loyal customers. Independents have the flexibility to cater to fickle trends, and they also have the ability to offer local colors, trends and brands that do well in their specific markets. Although this article primarily discusses selling to the typical DIY customer, paint has always been a category that independents have dominated within the pro sector. The loyalty and flexibility independents can provide makes them a natural fit with contractors.



## TIPS

- Paint is going to be one of your best categories to attract female shoppers. Develop a comfortable and clean design area for customers to shop. You don't need to have a 1,000-square-foot color center. Even offsetting a small area in your store with bright colors and displaying design magazines can achieve inspiration that sells.
- Customers shop at independent stores for the service and product knowledge they can't get at the big box. Make sure your employees are up-to-date by having them review their paint knowledge at NRHA's basic training program, or go to [www.nrha.org](http://www.nrha.org) and print out the FAQs on selling paint.
- Employees learn best by doing. Décoration Huot and Hardy in Rosemere, Quebec, invested in their paint sales by giving employees the materials to paint either a room in the store or their own homes. Not only will this put employees in a better position to answer questions, but they can give invaluable first-hand experiences as a result.
- You may have never considered adding a color consultant service to your store. You're there to sell product, right? Actually, selling the color can jumpstart the selling of all the ancillary products that go along with that paint job. Don't underestimate the ability of a dedicated color consultant to ensure every step of the project goes smoothly while suggesting products (that you stock) along the way to guarantee a happy conclusion.



### Tools/Supplies Needed

- Paint
- Paint Brushes
- Ladder
- Paint Scraper
- Putty
- Paint Remover
- Paint Rollers
- Roller Tray
- Solvent
- Drop Clothes
- Trowel
- Caulking
- Patching Plaster
- Putty Knife
- Brush/Roller Cleaner
- Caulking Gun
- Crack Filler
- Sanding Disc
- Wire Brush
- Extra Paint Bucket
- Wire Wheel
- Masking Tape
- Caulking Compound
- Sandpaper
- Sandpaper Holder
- Sponge
- Exhaust Fan
- Undercoat
- Mineral Spirits

### Project Margin

Starter	Cost	Retail	Gross Margin
Gallon of Paint .....	\$22.50	\$31.50	\$9
Potential Project Total .....	\$218.24	\$331.85	\$113.61

### Valuable Margin Opportunities

Project Starter	Gross Margin Percent
Gallon of Paint .....	29%

Product Add-ons	Gross Margin Percent
Putty/Putty Knife .....	52% /50%
Paint Rollers/Tray .....	53% /58%
Patching Plaster .....	50%
Sponge .....	67%
Undercoat .....	50%

### WAYS TO PROMOTE THIS PROJECT

- Because female customers heavily dominate this project, try offering a ladies' night where you can show the attendees some tricks of the trade. Set up canvases and let your attendees try out some of the techniques.
- Many new home buyers will be looking to freshen up their rooms with paint. Research home deeds in your zip code like Jim Lehrer of Brownsboro Paint and Hardware in Louisville, Ky., does for new residents. Try sending the potential customers a coupon for a free paint kit to get them started. When they come into the store to pick up the kit, introduce yourself and show them around. Encourage them to start their buying habits at your store.
- Many consumers are turning to the Internet to do more project research before they get started with projects. Look into project preview software, available through several distributors and software companies, that allows your customers to upload their own photos and play around. Use the software to suggest products you sell. At the very least, get a Web site up with FAQs and product suggestions.



# PROJECT NO. 3

## Toilet Repair

**Y**ou know that familiar drip of a leaky toilet.

The reality of this all-too-familiar annoyance is that not only can a malfunctioning toilet drive you nuts, water loss is bad for the environment and runs up the water bill if left unattended. In fact, an NRHA how-to resource indicates that as much as 80,000 gallons of water can be wasted each year from a leaky toilet.

THE TOILET IS ONE OF THE MOST IMPORTANT fixtures in the home, and most consumers have had a run in with a faulty one at some point or another. The upside for consumers is that many toilet problems can be fixed with a little information and some basic tools, saving them money on lost water and hiring a plumber.

### Why this Project Works for the Independent

For the independent hardware retailer, helping customers fix leaky toilets is so common it's almost cliché. Not only are the parts needed for this project small and easily stocked, but the independent has the ability to stock a broader selection, including hard-to-find products. Many consumers may initially turn to the big box for bathroom construction or even larger-scale toilet replacement, but more often they're simply going to need some repair and maintenance parts to fix a basic problem. Most consumers would prefer to get some guidance and walk out of the store with the right tools in a short amount of time instead of hiring a plumber or walking around a big box all day.



Toilet repair projects offer the perfect opportunity to sell ancillary products, or add-ons. These products typically come with high margins and help customers complete their projects.

### TIPS

- Appeal to the value-oriented customer by grouping products together in easy-to-grab project packets. These packets not only relieve the stress of getting all the needed tools for the project, but they also present great opportunities for retailers to boost margins on items with lower price sensitivity.
- Carry at least five of every fitting and at least three of everything else. Carry it all. Many independent retailers beat out the big boxes in plumbing because customers know that the independent will have what they need.
- Stock how-to books and encourage employees to use them to explain each step of the process.
- Try offering a Do-It-For-Me service. Noblesville Ace, for example, has dedicated a full-time handyman as well as several staff members to this service. Using products from the store, the staff travels to the customer's home to complete common repair projects like those in this article. Deary says the service has been extremely popular in his market.



**The toilet is one of the most important fixtures in the home, and most consumers have had a run in with a faulty one at some point or another.** The upside for consumers is that many toilet problems can be fixed with a little information and some basic tools.

### Tools/Supplies Needed

- o Toilet Flush/Fill Valve
- o Adjustable Wrench
- o Pipe Wrench
- o Tongue and Groove Pliers
- o Ballcock
- o Flapper
- o Riser Tube
- o Penetrating Oil
- o Masking Tape
- o Wiping Cloths
- o Pliers
- o Wrench
- o Screwdriver
- o Flush Ball
- o Float
- o Sponge
- o Hacksaw
- o Hand Cleaner

### Project Margin

Starter	Cost	Retail	Gross Margin
Toilet Flush/Fill Valve	\$4.75	\$10	\$5.25
Potential Project Total	\$96.95	\$181.20	\$84.25

### Valuable Margin Opportunities

Project Starter	Gross Margin Percent
Toilet Flush/Fill Valve	53%

Product Add-ons	Gross Margin Percent
Adjustable Wrench	53%
Flush Ball	53%
Float	57%
Sponge	67%
Flapper	47%

## WAYS TO PROMOTE THIS PROJECT

- Make sure to get your store's name and ads in appropriate directories. Imagine the attention you'll draw when a customer looks up a plumber in the phone book and scans to your information or ad that emphasizes how much they can save by getting the products at your store and doing it themselves.
- Offer to speak at local professional groups or clubs. Toilet repair is a project that everyone is going to need to know at some point. Offer to present free how-to workshops at organizations such as Rotary Clubs or volunteer groups. Give away free repair products and encourage the attendees to stop in the store for more information.
- Think about offering to write a how-to column in the local paper or a trade journal. Reprint it and mail it off to your friends, customers and prospects. If you have the resources, try to get on the lineup at a local news station. Show simple how-to DIY repairs, like fixing a leaky toilet. This positions you as an expert and gets the store's name out to a broader audience.



# PROJECT **NO. 4**

## Grow Your Way to a Greener Lawn

**A**s more consumers turn to “staycations”—staying home instead of shelling out money on travel—they are investing more into their homes, especially their outdoor living spaces. An attractive lawn not only becomes a reflection of the owner, but can also help to increase the value of a home.

### Why this Project Works for the Independent

The lawn is a constant work in progress, and with the help of knowledgeable retailers, consumers will be coming back each season for personalized attention on their lawn purchases. Independents have the flexibility to offer a wider variety of products that will do well in their markets or special order products and local plants that consumers are demanding. Plus, independents are known for having those hard-to-find specialty items that usually accompany lawn projects.



*By tapping into stronger customer service, a more comfortable shopping environment and a more personal experience, independents can trump the competition on many projects.*

### TIPS

- A growing number of consumers are demanding greener alternatives, especially when they're working outside. Offer eco-friendly alternatives, spotlight them in their own defined areas and make sure your employees are educated on their benefits and can convey those benefits to the customer.
- When you think about a greener lawn, go beyond just thinking about the health of the lawn. What other products could be used out in the lawn? Would your customer like lawn chairs or lawn art? Project selling is about selling the whole experience.
- Do you have a rental department? Don't limit your project selling to sale products; you can tap into rentals as well. Especially with large lawn projects, consumers may be more interested in renting a tiller or cultivator, and those add dollars just like a bag of fertilizer does.



**Tools/Supplies Needed**

- o Lawn Seed
- o Pruning Shears
- o Tree Wrapping Materials
- o Cultivator
- o Fertilizer
- o Spading Fork
- o Hand Cleaner
- o Rake
- o Rotary Tiller
- o Insecticide
- o Garden Hose
- o Peat Moss or Gypsum
- o Pruning Spray
- o Work Gloves
- o Broom
- o Garden Hose Nozzle
- o Wheelbarrow

**Project Margin**

Starter	Cost	Retail	Gross Margin
Lawn Seed	\$4.00	\$7.90	\$3.90
Potential Project Total	\$256.45	\$436.40	\$179.95

**Valuable Margin Opportunities**

Project Starter	Gross Margin Percent
Lawn Seed	.50%

Product Add-ons	Gross Margin Percent
Pruning Shears	.47%
Rotary Tiller	.47%
Garden Hose	.47%
Work Gloves	.48%
Broom	.47%



**WAYS TO PROMOTE THIS PROJECT**

- Obviously these projects are going to have a seasonal appeal. Get started early, toward the end of winter. Ramp up power aisles and endcaps with lawn and garden featured projects. Even if your customer won't buy fertilizer in February, you've planted the seed that you are the destination for these goods when the weather turns.
- If your store doesn't offer a large breadth of plants, think about partnering with a local nursery. Lawn and garden consumers are becoming more interested in shopping local. Have the nursery refer customers to you for goods like supplies and tools.
- Set up a how-to blog or carefully monitor your Twitter account for questions on lawn care. Become the expert shoppers turn to.
- Offer a season-long lawn and garden seminar series. Not only will this get the customers into the store every couple of weeks, but it's a perfect way to draw attention to trends like environmental alternatives that consumers may have questions about.
- Host a special event. One inventive retailer even sponsored a lawn mower race at his store to spotlight lawn projects.



# Building a **Project Sale**

## Projects Formulated for the **Independent Lumber and Building Material Retailer**

**S**URE, HOUSING STARTS WERE down for a while, and no retailer(s) took it harder than those serving the lumber and building material sector. But LBM retailers don't necessarily have to wait for builders to start building again to drive project sales. In the meantime, many retailers are turning to DIY projects, which were still in high demand, to offset a slowdown in construction and simmering large-scale projects. The following projects are those that any lumber and building material retailer can tap into. So even if you don't want to go head-to-head with the big box on a project like building a deck, the smaller projects like staining that deck are perfect for independent retailers.



Photo provided by McCoy's Building Supplies

### Installing a Fence Valuable Margin Opportunities

#### Project Starter

Board/Posts

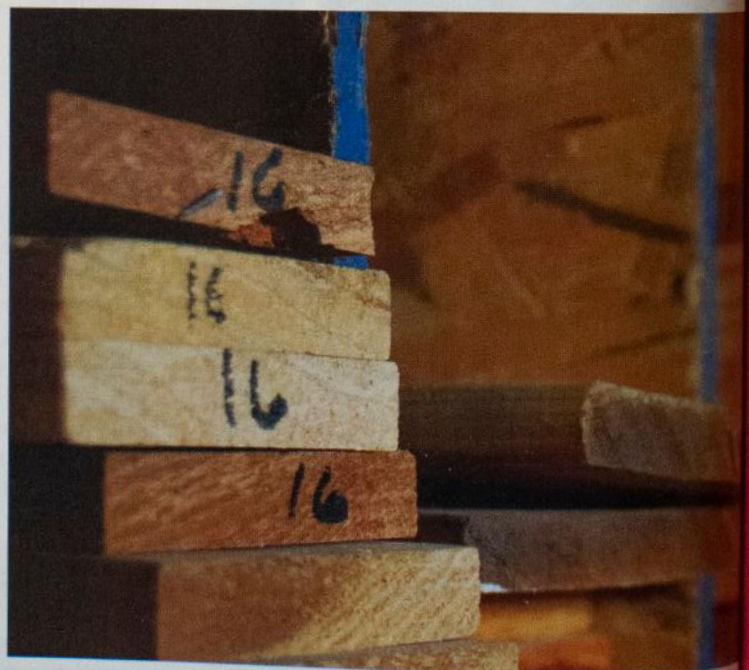
Product Add-ons	Gross Margin
Hatchet .....	.48%
Nails .....	.55%
Hand Saw .....	.48%
Work Gloves .....	.48%
Post-Hole Digger .....	.46%

### Refinishing a Deck Valuable Margin Opportunities

#### Project Starter

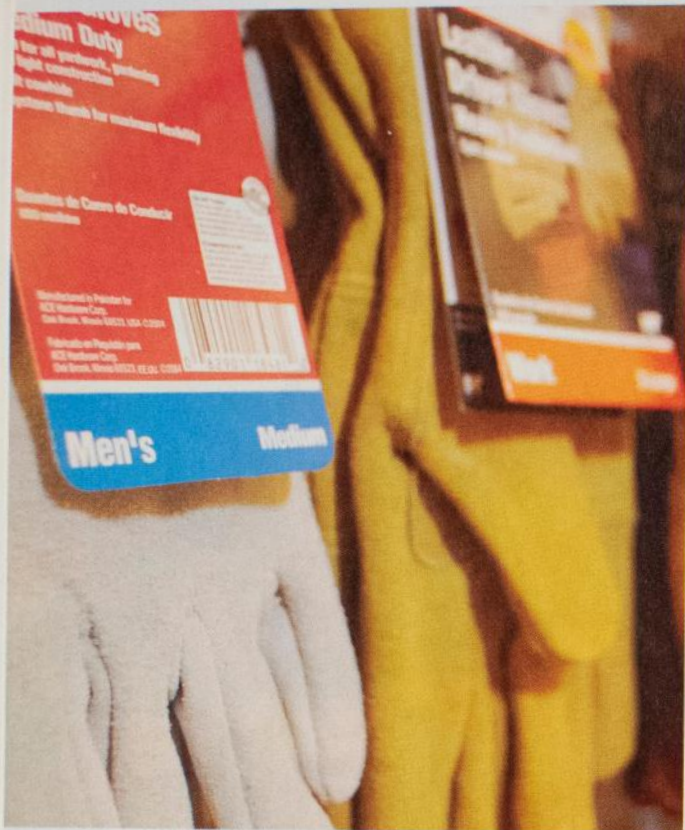
Stain

Product Add-ons	Gross Margin
Deck wash .....	.48%
Sealer .....	.48%
Gloves .....	.48%
Garden Hose .....	.47%
Brush .....	.49%



Even as the housing market let them down, lumber and building materials retailers were staying afloat by focusing on the add-on value of project selling.

## PROJECT SELLING



### Cabinets Valuable Margin Opportunities

Project Starter  
Plywood

Product Add-ons	Gross Margin
Dowels.....	67%
Hinges.....	64%
Knobs.....	60%
Glue.....	48%
Finishing Nails.....	53%

### Building a Planter Box Valuable Margin Opportunities

Project Starter  
Cedar Panels

Product Add-ons	Gross Margin
Wood Glue.....	48%
Nails (Galvanized).....	47%
Screws.....	47%
Hammer.....	47%
Drill Bits.....	53%

