

# CHEMICAL STRATEGIES PARTNERSHIP

## CASE STUDY: CHRYSLER NEON

<b>Company</b>	<b>Chrysler Neon Assembly Plant, Belvidere, Illinois</b>	<p style="text-align: center;"><i>Summary</i></p> <p><i>The “Pay as Painted” contract between Chrysler and PPG began in the late 1980’s. PPG provides services for all autobody surface preparation, treatment, and coating chemicals (excluding solvents), and owns the chemicals until they are used. PPG is not paid until a quality car is produced. This arrangement ensures that PPG has a vested interest in the quality of the painting operation. Some benefits for Chrysler include: \$1 million in savings after the first year, reductions in VOC emissions, easier compliance reporting, and improved product quality.</i></p>
<b>Contact</b>	<b>Ernie Schmatz</b> , Chrysler Paint and Energy Management; (248) 576-9251	
<b>Industry</b>	Automotive	
<b>Supplier</b>	<b>PPG</b> <b>Dave Boehmer</b> , PPG Sales, Chrysler Account; (248) 641-2260	
<b>Name of Program</b>	Pay-As-Painted	
<b>Program Start Date</b>	1989	
<b>Chemical Footprint</b>	All chemicals and solvents related to cleaning, treating, and coating the autobody.	
<b>Contract Structure</b>	<ul style="list-style-type: none"><li>• Fixed fee per quality vehicle painted (“unit pricing”) based on historical chemical usage and production</li></ul>	
<b>Performance Expectations</b>	Quality and performance specifications drive the agreement. PPG’s fee is based on producing a quality finish.	
<b>Supplier Services</b>	<ul style="list-style-type: none"><li>• Chemical acquisition</li><li>• Inventory and distribution management</li><li>• Container management</li><li>• Quality assurance and maintenance oversight</li><li>• Testing and lab analyses</li><li>• Product and process engineering development</li><li>• EHS studies and training</li><li>• Process and waste problem solving</li></ul>	
<b>Benefits</b>	<ul style="list-style-type: none"><li>• Over \$1 million in savings from the first year of Pay-As-Painted</li><li>• Chemical purchase orders reduced to 1/year</li><li>• Dramatic reductions in VOC emissions and other wastes</li><li>• Improved product quality and reduced rework</li><li>• 80% reduction in downtime for sludge cleanout</li><li>• 7.5% reduction in de-ionized water costs</li><li>• Improved inventory control and reduced inventory costs</li><li>• Improved health and safety protection</li><li>• Easier compliance reporting</li><li>• Four Illinois Governor’s Pollution Prevention Awards</li></ul>	