

OPERATING EFFICIENCY OF ESSO MALAYSIA BERHAD'S  
TANK TRUCKS

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## ABSTRACT

Esso Malaysia Berhad has 28 tank trucks in operation. There are over 281 tank trucks belonging to 89 different contractors that support the distribution functions of Esso Malaysia Berhad.

The largest single item in the Marketing Expense involves tank truck delivery of products. In 1985, the delivery cost for Esso Malaysia Berhad tank trucks operations was \$3.4 million. In addition to their own trucks, Esso Malaysia Berhad paid \$18 million to outside haulers for a grand total of \$21.4 million in delivery costs.

Therefore, there arises the need to investigate into the distribution functions of the Company and the contractors since the Company feels that a few percent savings per year on transportation cost would benefit the Company financially.

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## CHAPTER 1 - INTRODUCTION

### 1.0 ESSO MALAYSIA BERHAD

Esso Malaysia Berhad, an affiliate of Exxon Corporation, was incorporated in Malaysia (at that time Malaya) in 1933. It was then called Esso Malaya and it merged with Socony-Vacuum (now Mobil Oil Company) to become Standard Vacuum.

However, in 1962, Esso Malaya and Socony-Vacuum were separated. Esso Malaya was then dissolved and thus Esso Standard Refining Company and Esso Standard Malaya Limited were formed.

In 1966, Esso Standard Refining Company and Esso Standard Malaya Limited merged to form Esso Malaysia Berhad.

Esso Malaysia Berhad, or in short EMB, is primarily concerned with marketing petroleum products such as Premium Gasoline (Premogas), Regular Gasoline (Regmogas), Automotive Diesel Oil (ADO), Medium Fuel Oil (MFO), Kerosene, Asphalt, Low Sulphur Wax Residue (LSWR), Liquefied Petroleum Gas (LPG), and Aviation Turbine Fuel (ATF).