

DISTRIBUTION OF PACKED LUBRICANT PRODUCT IN PETRONAS

RAZMANI ABDUL RAHIM

ADVANCED DIPLOMA BUSINESS ADMINISTRATION

( TRANSPORT )

SCHOOL OF BUSINESS AND MANAGEMENT

MARA INSTITUTE OF TECHNOLOGY

SHAH ALAM

MAY 1989

## ACKNOWLEDGEMENT

I am very much debted and grateful to those mentioned here for which their undying devotion and assistance have meant a grate deal to me in completing this Thesis.

To these wonderful people, my sincere gratitude.

1. En. Arshad Hj. Zainuddin, my advisor, for his guidance and constructive comments.
2. En. Hassan Sarbini, my Supervisor at PETRONAS Dagangan.
3. Each and every one of the Supply and Distribution Department's staffs for their ever helpful assistance.
4. En. Azrin Shah and En. Zulkipli Awal of the Sales Department.
5. En. Rahim Mansor, Port Klang Warehouse Supervisor for his enthusiasm in briefing me on Port Klang Warehouse operation.
6. Uncle Md Nor and Aunty Noi for letting me stay at their home during the Internship.
7. Last, certainly not least, Idah, for listening, understanding and most of all, being there.

## PREFACE

Physical Distribution Management has been the subject of an enormous amount of research and development in the past decade resulting in fundamental changes in total strategy, operational techniques and design of equipment and transport.

According to Peter R Attwood in his book, "Planning A Distribution System", physical distribution can cost up to 25 percent or more of the total cost of goods at the point of sale. This is indeed the main catalyst for the growing concern in physical distribution.

In the yesteryears, direct labour and production plant cost are the main areas probed in efforts to reduce cost. Now, progressive firms are directing their attention to the greater economies to be derived from well-planned and executed warehousing and distribution. Along with this move, there has emerged the need to recognize the wide implication of distribution decisions.

PETRONAS Dagangan Sdn. Bhd. in its marketing role for its parent company Petroliam Nasional Berhad, has directly accepted the challenge to sell and distribute the nation's petroleum products.

## CONTENT

	<b>Page</b>
<b>Acknowledgement</b>	<b>i</b>
<b>Preface</b>	<b>ii</b>
<b>Content</b>	<b>iv</b>
<b>List of Figures</b>	<b>v</b>
<b>List of Appendices</b>	<b>vi</b>
<b>Chapter One</b>	<b>Introduction</b>
	<b>1</b>
<b>Chapter Two</b>	<b>Distribution Theory</b>
	<b>18</b>
<b>Chapter Three</b>	<b>Ordering System</b>
	<b>32</b>
<b>Chapter Four</b>	<b>Storing</b>
	<b>50</b>
<b>Chapter Five</b>	<b>Delivery</b>
	<b>72</b>
<b>Chapter Six</b>	<b>Packed Lubricant Survey</b>
	<b>88</b>
<b>Chapter Seven</b>	<b>Conclusion and</b>
	<b>Recommendations</b>
	<b>98</b>
<b>Appendices</b>	<b>110</b>
<b>Bibliography</b>	<b>118</b>

## 1.0 Introduction

### 1.1 Brief introduction on PDSB

PETRONAS Dagangan Sdn Bhd (PDSB), a wholly owned subsidiary of PETRONAS was set up in April 1983. It is domestically responsible for the sales and distribution of bulk and packed petroleum product. However this study is confined only to the distribution of packed lubricant by road transport.

PDSB's main objectives are

- 1) To secure stable and adequate petroleum product for domestic demand with reasonable pricing.
- 2) To open up new opportunities for intensive participation of local entrepreneurs, specifically Bumiputeras in the marketing of petroleum product.