Ekaterina Kaganova

Robust solution to the CLSP and the DLSP with uncertain demand and online information base

Table of contents

List of figures ..... **iii**

List of tables ..... **v**

1 Introduction **1**

2 Problem statement **4**

2.1 Description of the uncertain Capacitated Lot Sizing Problem (CLSP) 5

2.2 Description of the uncertain Discrete Lot sizing and Scheduling Problem (DLSP) 11

2.3 Main research goals 13

3 State of the art **17**

3.1 Production planning problems 17

3.1.1 Review of production planning problems 17

3.1.2 Capacitated Lot Sizing Problem (CLSP) 21

3.1.3 Discrete Lot sizing and Scheduling Problem (DLSP) 23

3.2 Uncertainty treatment 25

3.2.1 Uncertainty in production planning 25

3.2.2 Worst-case analysis and competitive analysis 28

3.2.3 Sensitivity analysis 34

3.2.4 Stochastic Optimization 35

3.2.5 Robust Optimization 38

4 Action points **43**

5 Methods **45**

5.1 Analytical approach for defining the worst-case of demand distribution 45

5.2 Analytical approach for deriving the upper and lower bounds of the competitive ratio 47

5.3 Robust Optimization approach 50

5.3.1 Robust Counterpart (RC) 50

5.3.2 Affinely Adjustable Robust Counterpart (AARC) 53

5.3.3 Features of the AARC for the CLSP 54

5.3.4 Integrality issue of the AARC for the CLSP 55
5.3.5 Testing workflow for the AARC WORST-CASE and AARC SCENARIOS models. Simulation of uncertain demand 56
5.3.6 Comparison of solution approaches. The influence of uncertainty level on the total costs value 59
5.3.7 Features of the AARC for the DLSP 60
5.3.8 Testing workflow for the AARC for the DLSP model. Simulation of uncertain demand 62
6 Results and discussion 64
6.1 Analytical approach for defining the worst-case of demand distribution 64
6.1.1 Important definitions and assumptions 64
6.1.2 Main theorem 64
6.1.3 Comments on the proof 66
6.1.4 Computational example 70
6.1.5 Capabilities and limitations of the approach 77
6.2 Analytical approach for deriving the value of competitive ratio 78
6.2.1 Perishable products with lost sales 78
6.2.2 Durable products with backlogged demand 83
6.2.3 Computational example 91
6.2.4 Capabilities and limitations of the approach 94
6.3 Robust Optimization approach for the CLSP 96
6.3.1 Robust Counterpart (RC) 96
6.3.2 Affinely Adjustable Robust Counterpart (AARC) 100
6.3.3 AARC with several demand scenarios 106
6.3.4 Computational examples for the RC 109
6.3.5 Computational examples for the AARC, simulation and analysis of results 117
6.4 Robust Optimization approach for the DLSP 126
6.4.1 Robust Counterpart (RC) 126
6.4.2 Affinely Adjustable Robust Counterpart (AARC) 129
6.4.3 Computational example and simulation 133
7 Conclusions 141
8 References 145