
CONTENTS

PART ONE INTRODUCTORY TOPICS IN OPERATIONS RESEARCH / 1

1. An Overview of Operations Research / 3

1.1 *The Decision-Making Process / 4*

1.2 *The Nature of Operations Research / 7*

1.3 *Limitations of Operations Research / 11*

1.4 *Acceptance and Implementation of Operations Research / 13*

1.5 *Summary / 15*

2. An Examination of Models as They Relate to Operations Research / 17

2.1 *The Concept of a Model and a Classification Scheme / 18*

2.2 *Constructing a Model / 21*

2.3 *Validating a Model / 23*

2.4 *Solution Algorithms / 26*

2.5 *Models That Have General Usefulness / 27*

2.6 *Summary / 34*

3. The Basics of Linear Programming / 35

3.1 *The General Model / 36*

3.2 *Defining the Decision Variables / 39*

3.3 *Some Basic Examples / 40*

3.4 *Assumptions of Linear Programming / 46*

3.5 *Solution by the Graphical Method / 46*

3.6 *Summary / 51* *Problems / 51*

4. An Interpretive Tour Through a Linear-Programming Solution / 61	
4.1 Statement of an Illustrative Problem / 61	
4.2 Definitions / 62	
4.3 The Solution Process / 63	
4.4 Applying the Solution Process / 64	
4.4A—The First BFS / 65	
4.4B—The First Set of q_i Values / 66	
4.4C—The First Set of z_j Values and the Optimality Test / 66	
4.4D—Selecting the Entering and Departing Variables / 66	
4.4E—The New BFS / 68	
4.4F—The Second Set of q_i Values / 68	
4.4G—The Optimality Test / 70	
4.4H—Finding the New BFS / 70	
4.4I—The Final Test / 71	
4.5 Summary of the Mathematics / 73	
4.6 Extensions and Summary / 75	Problems / 77
5. The Simplex Method / 81	
5.1 The General Maximization Problem with Less-than-or- Equal-to Constraints / 82	
5.2 The Simplex Format / 83	
5.3 The Simplex Rules / 85	
5.4 Minimization Problems and Greater-than-or-Equal-to Constraints / 90	
5.4A—The Big M Method / 91	
5.4B—The Two-Phase Method / 92	
5.5 Equality Constraints / 94	
5.6 Degeneracy / 94	
5.7 Nonfeasibility / 96	
5.8 Unbounded Solutions / 97	
5.9 Multiple Solutions / 98	
5.10 Variables Unrestrained in Sign / 99	
5.11 Summary / 100	
Appendix—A Linear Programming Computer Code / 101	
Problems / 111	
6. Selected Case Studies in Linear Programming / 115	
6.1 The Blending Problem / 116	
6.2 The Joint-Products Problem / 119	
6.3 A Multiperiod Problem / 121	
6.4 Production Scheduling / 123	
6.5 The Trim-Loss Problem / 124	
6.6 The Shrinkage Problem / 127	
6.7 A Trilevel Decision Problem / 128	
6.8 Summary / 130	Problems / 131

7. Sensitivity Analysis of Linear Programming / 141	
7.1 The Marginal Values / 142	
7.2 Analysis of p_j ; j Not in the Basis / 144	
7.3 Analysis of p_j ; j in the Basis / 145	
7.4 Case Study Showing Potential Uses of Sensitivity Analyses / 148	
7.5 Analysis of b_1 / 152	
7.6 Analysis of the $a_{i,j}$ Values / 156	
7.7 New Variables / 159	
7.8 Continuation of the Case Study from Section 7.4 / 160	
7.9 Summary / 163	Problems / 165
8. The Dual and Dual Simplex Method / 177	
8.1 The Concept of the Dual / 178	
8.2 The Dual: An Interpretation / 180	
8.3 Using the Dual / 183	
8.4 Resolving Some Complications / 185	
8.5 The Dual Simplex Method / 188	
8.6 An Application of the Dual Simplex Method: Adding Constraints / 192	
8.7 Summary / 195	
Appendix—Proof of the Primal-Dual Relationships / 196	
Problems / 202	
9. Parametric Programming / 207	
9.1 The General Nature of Parametric Programming / 208	
9.2 Partial Ranging of a Parametric Objective Function / 210	
9.3 An Algorithm for the Complete Ranging of a Parametric Objective Function / 214	
9.4 Partial Ranging of a Parametric B Vector / 219	
9.5 An Algorithm for the Complete Ranging of a Parametric B Vector / 221	
9.6 Ad Hoc Parametric Functions / 227	
9.7 Summary / 228	Problems / 228
10. The Transportation and Related Algorithms / 233	
10.1 The Transportation Problem / 234	
10.1A—The General Transportation Problem / 234	
10.1B—Finding the Initial BFS / 235	
10.1C—Testing for Optimality / 240	
10.1D—Pivoting to a New BFS / 244	
10.1E—Problem Completion / 245	
10.1F—Pivoting Revisited / 246	
10.1G—An Unbalanced Transportation Problem / 247	
10.1H—Degeneracy / 248	
10.1I—Extensions of the Transportation Problem / 250	

10.2	The Transshipment Problem /	252
10.3	The Assignment Problem /	254
	10.3A—The Effectiveness Matrix /	255
	10.3B—The Initial-Assignment Procedure /	256
	10.3C—The Improvement Routine /	257
10.4	Summary /	261
	Problems /	262
11.	PERT /	271
11.1	The PERT Network /	272
11.2	Finding the Critical Path /	275
11.3	Float Times: Their Meaning and Computation /	279
11.4	Uncertainty /	281
11.5	Resource Allocation in CPM /	286
11.6	Summary /	293
	Problems /	294
12.	Deterministic Inventory Models /	301
12.1	The Simple EOQ: A Specific Example /	303
12.2	The General Model for the Simple EOQ /	309
12.3	The Production Model /	312
12.4	The Case with Two Levels of Storage /	315
12.5	Reorder Point and Safety Stock /	318
12.6	Summary /	322
	Problems /	323
13.	Additional Topics in Deterministic Inventory Theory /	331
13.1	The Stockout Model /	332
13.2	Sensitivity Analysis of Inventory Models /	338
13.3	EOQ Models with Quantity Discounts /	344
	13.3A—The All-Units-Discount Method /	344
	13.3B—The Incremental-Quantity-Discount Method /	350
13.4	Summary /	354
	Problems /	355
PART TWO INTERMEDIATE TOPICS IN MATHEMATICAL PROGRAMMING / 363		
14.	Goal Programming /	365
14.1	Introduction to Goal Programming /	366
14.2	The Single-Goal Model /	367
14.3	The Multigoal Model: Goals and Deviations Equally Ranked /	368
14.4	Multigoals: Priority Ranking of Goals /	370
14.5	Multigoals: Nonadditivity of Goal Deviations /	372
14.6	Summary of the Model and the Solution Algorithm /	373
14.7	Applications of Goal Programming /	376
14.8	Summary /	383
	Problems /	384

15. Topics in Network Theory / 391

- 15.1 Definitions / 392
- 15.2 The Shortest-Route Algorithm / 393
- 15.3 The Maximal-Flow Problem / 397
- 15.4 Applications that Require the Determination of a Feasible
Flow at a Minimum Cost / 404
- 15.5 The Out-of-Kilter Algorithm / 407
- 15.6 Summary / 419 Problems / 420

16. Integer Programming / 425

- 16.1 Introduction to Integer Programming via Graphical Techniques / 426
- 16.2 Cases that Require Integer Solutions / 428
 - 16.2A—A Simple Case / 428
 - 16.2B—Capital Budgeting / 429
 - 16.2C—Either-or Constraints / 430
 - 16.2D—The Case Where at Least k of p Constraints Must Hold / 432
 - 16.2E—Step Fixed Costs / 433
 - 16.2F—Plant Location / 435
 - 16.2G—The Traveling-Salesman Problem / 436
 - 16.2H—Selecting Advertising Media / 439
 - 16.2I—The Machine-Scheduling Problem / 441
- 16.3 Summary / 444 Problems / 445

17. Selected Integer Programming Algorithms / 455

- 17.1 The All-Integer Algorithm / 456
- 17.2 The Mixed-Integer Algorithm / 463
- 17.3 The Branch-and-Bound Algorithm for Either an All- or a Mixed-
Integer Problem / 466
- 17.4 The Zero-One Algorithm / 473
- 17.5 Summary / 482 Problems / 483

18. Dynamic Programming / 487

- 18.1 The Nature of Dynamic Programming / 490
- 18.2 The Notation, Definitions, and General Model / 493
- 18.3 The “Knapsack” Problem / 496
- 18.4 A Production Problem / 500
- 18.5 A Reliability Problem / 503
- 18.6 An Investment Problem / 507
- 18.7 Production and Sales Scheduling / 511
- 18.8 Summary / 515 Problems / 516

19. Classical Optimization Techniques / 523**19.1 Basic Concepts / 524**

19.1A—Gradient Vectors / 524

19.1B—The Hessian Matrix / 525

19.1C—Determinants / 526

19.1D—Quadratic Forms / 529

19.1E—Concave and Convex Functions / 530

19.2 Unconstrained Multiple-Variable Problems / 534

19.2A—A Concave Objective Function / 534

19.2B—The General Objective Function / 535

19.3 Constrained Problems and the Kuhn-Tucker Conditions / 536**19.4 Summary / 542 Problems / 542****20. Nonlinear Programming / 547****20.1 Quadratic Programming / 548**

20.1A—The Kuhn-Tucker Conditions for the QP Problem / 548

20.1B—Solving the QP Problem / 551

20.1C—An Example: Selecting a Portfolio / 556

20.2 Separable Programming / 558**20.3 Separable Convex Programming / 563****20.4 The Gradient-Search Method / 568****20.5 Summary / 570 Problems / 571****PART THREE STOCHASTIC MODELS / 577****21. Introduction to Queuing Theory (Poisson, Single-Server, and FCFS Models) / 579****21.1 Introduction to Queuing Theory / 580****21.2 Definitions and Notation / 581****21.3 The Pure-Birth and Pure-Death Models / 583****21.4 Steady-State Results / 588****21.5 Relationships Among L , L_q , W , and W_q / 591****21.6 The $(M/M/1):(\infty/\infty/FCFS)$ System / 591****21.7 The $(M/M/1):(N/\infty/FCFS)$ System / 596****21.8 The $(M/M/1):(N/N/FCFS)$ System / 599****21.9 Summary / 602 Problems / 603****22. Queuing Models: The Multiple-Server Model and Other Variations / 609****22.1 The $(M/M/c):(\infty/\infty/FCFS)$ System / 609****22.2 The $(M/M/c):(\infty/\infty/SIRO)$ System / 613****22.3 The $(M/G/1):(\infty/\infty/G)$ System / 615****22.4 The $(M/D/1):(\infty/\infty/G)$ System / 618****22.5 The $(M/E_k/1):(\infty/\infty/G)$ System / 619****22.6 The $(M_i/M_i/c):(\infty/\infty/NPPR)$ System / 621****22.7 Summary and Survey of Other Systems / 627 Problems / 631**

-
- 23. Queuing Models as a Tool in Decision Making / 639**
 - 23.1 The Optimal μ in the $(M/M/1):(\infty/\infty/FCFS)$ Model; the Cost of μ Linear and μ Continuous / 640
 - 23.2 The Optimal μ in the $(M/M/1):(\infty/\infty/FCFS)$ Model; μ Discrete / 642
 - 23.3 The Optimal μ in the $(M/E_k/1):(\infty/\infty/G)$ Model; the Cost of μ Nonlinear / 645
 - 23.4 The Optimal μ and N in the $(M/M/1):(N/\infty/G)$ Model; Both μ and N Discrete / 647
 - 23.5 The Optimal c in the $(M/M/c):(\infty/\infty/G)$ Model; the Cost of c Linear / 648
 - 23.6 The Optimal c , μ , and λ in the $(M/M/c):(\infty/\infty/G)$ Model / 650
 - 23.7 The Optimal c and μ in the $(M/M/c):(\infty/\infty/G)$ Model; μ Discrete and the Cost of μ a Special Nonlinear Case / 652
 - 23.8 Aspiration Models / 653
 - 23.9 Summary / 654 Problems / 655

 - 24. Introduction to Stochastic Inventory Models / 665**
 - 24.1 The Single-Order Model / 666
 - 24.1A – Discrete Demand and No Ordering Costs / 666
 - 24.1B – Continuous Demand and No Ordering Costs / 671
 - 24.1C – Beginning Inventory and Order Costs Included / 672
 - 24.2 A Continuous-Review Model with Discrete Demand / 675
 - 24.3 A Continuous-Review Model with Continuous Demand / 683
 - 24.4 A Periodic-Review Model with Continuous Demand / 685
 - 24.5 Survey of Extensions in Inventory Modeling / 691
 - 24.6 Summary / 693 Problems / 694

 - 25. Simulation / 701**
 - 25.1 Overview of Simulation / 702
 - 25.2 Generating Random Numbers / 704
 - 25.3 Generating Random Variables from a Probability Distribution / 708
 - 25.3A – The Uniform Distribution / 708
 - 25.3B – The Exponential Distribution / 709
 - 25.3C – The Normal Distribution / 710
 - 25.3D – The Poisson Distribution / 711
 - 25.3E – An Empirical Discrete Distribution / 712
 - 25.3F – Additional Considerations / 713
 - 25.4 Keeping Track of Time / 713
 - 25.5 Variance-Reduction Techniques / 718
 - 25.6 Problems of Designing and Implementing a Simulation Study / 720
 - 25.7 Special Computer Simulation Languages / 721
 - 25.8 Summary / 721 Problems / 722

APPENDIX A COMPACT NOTATION / 727**APPENDIX B REVIEW OF MATRIX ALGEBRA / 729**

B.1 Definitions / 729

B.2 Algebra / 730

B.2A—Addition and Subtraction / 730

B.2B—Multiplication by a Scalar / 730

B.2C—Multiplication of Matrices / 731

B.2D—Special Kinds of Matrices / 733

B.3 Vectors / 733

B.4 Matrix Inverse and Uses / 734

B.4A—Finding the Inverse / 734

B.4B—Solving Linear Systems / 737

B.5 Matrix Operations Involving the Transpose / 738

Problems / 739

APPENDIX C CALCULUS REVIEW / 741

C.1 The Limit / 741

C.2 The Derivative / 743

C.3 Optimization Techniques / 744

C.4 Integration / 745

C.5 Area Under the Curve / 746

C.6 Derivatives and Integrals of Functions with Several Variables / 747

C.7 Differentiating Under the Integral / 748

Problems / 749

APPENDIX D PROBABILITY THEORY / 752

D.1 Basic Definitions / 752

D.2 Probability and Density Functions / 757

D.3 Expectation and Variance / 761

D.4 Some Useful Discrete Probability Functions / 764

D.5 Some Useful Continuous Density Functions / 767

D.6 Summary of Distributions and Selection of the Appropriate
Function / 769

D.7 Joint Probability Distributions / 771

Problems / 776

APPENDIX E TABLES / 783**INDEX / 787**