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Tactical planning of domestic supply chains

RmplLecel»p'v evlec'f g'icu'ecf gpcu'f g'' abastecimiento domésticas

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Abstract

This paper presents a single-period mathematical programming model NLMIP of a 5-stage supply chain with multiple possibilities of organizational ownership that allows several distribution channel links. The objective of yi g"o qf gn"ku"vq"qr vko ki g"r tq&v"chgt "vcz."vcnkpi "kpvq"ceeqwpv"tcpulgt "r tkegu." economies of scale, agreements between agents, demand and inventory issues, among other relevant aspects, specially in an idealised domestic environments. Finally, a solution procedure is presented for the problem associated with the NLMIP mathematical programming model proposed, that gives an optimal solution in satisfactory computational time. The model was xcnkf cvgf "wukpi "cp"gzr gtko gpv'dcugf "qp"eqo r wcwkqpcn'luko wcwkqpu0'

----- Keywords: Supply chain management, integer programming, non-linear programming, logistics

Resumen

Este artículo presenta un modelo de programación matemática NLMIP de un periodo simple para una cadena de abastecimiento de 5 etapas con múltiples posibilidades organizacionales de propiedad en los canales de distribución. El objetivo del modelo es optimizar la utilidad después de impuestos, contemplando entre otras consideraciones, precios de transferencia, economías de escala, acuerdos entre agentes, demanda, inventario, en un ambiente

^{, &}quot; Cwqt"f g"eqttgur qpf gpeloc vgri hqpq - "79" - "3" - "88: "58"22"gz v 49: /49; ."hcz - "79" - "3" - "898"45"62."eqttgq"grgev »pleq rafael.garcia@escuelaing.edu.co (R. García)

doméstico de decisión. Finalmente, presenta un procedimiento de solución del NLMIP que proporciona soluciones óptimas en tiempos razonables. El o qf gm'hwg'xcrkf cf q'r qt'o gf kq'f g'wp''gzr gtko gpvq''eqo r wcekqpcr0

----- Palabras clave: Administración de la cadena de abastecimiento, programación NLMIP, logística

Introduction

Recent progress made in supply chains has been focused on global environments. It emerged as the logical consequence of initial developments in domestic environments. J qy gxgt." kp" ur kxg" qh" yj g" uki pkŁecpv" r tqi tguu" made in global environments, a great part of this background has not been transferred to domestic environments, and additionally many important aspects have been ignored or have not been considered simultaneously for decision making. Consequently, the aim of this paper is to incorporate several considerations omitted or not incorporated in the tactical and domestic supply chain bibliography into one single idealised model.

To achieve this goal, a review of work on tactical supply chain decision-making is presented, which describes relevant aspects for both modelling and solution procedures. The work presented here aims to establish a model that takes into ceeqwpv" uqo g" eqpuls gtcvkqpu" kf gpvkLgf " kp" yj g" literature review that are relevant for domestic environments. A mathematical programming o qf gn" pqp" rkpgct" o kz" kpvgi gt" *P NO kR+" kn" presented, along with a solution procedure that intends to satisfy such needs.

Background

The following review is focused on the description of some topics considered relevant on tactical decision making in domestic supply chains and that have been treated by means of mathematical programming models.

Qpg'Łtuvtgxkgy 'y cu'f gxgmr gf 'd{ "]3_0Vj g'cwj qt" makes a description of the relevant aspects on

supply chain modeling of single echelon systems with deterministic demand. The fundamental tactical aspects were associated with distribution qh'tcy "o cygtkeni"cpf "Łpen'r tqf wew0'Vj g"uk g"qh" the problems was limited by the absence of a computationally adequate MIP optimizer. The evolution of the investigation in tactical supply chains has been developed in several ways. On the one hand, as was indicated by the author, towards dynamic modeling considerations and handling of inventories associated with an one member of c'ur gekke'gej gmp'y kij kp'ij g'uwr r n{ 'ej ckp'*ci gpv+'']4_0'Qp"yj g"qyj gt"j cpf "yj gtg"y cu"cp"kpetgcukpi " tendency towards a greater satisfaction of the Łpcn' eqpuwo gt " | 5 . " vq " eqpulf gt " f gxgrqr o gpvu" of information and communication systems ukpeg" yj g" gpf "qh" yj g" pkpgvkgu" cpf "gki j vkgu"]6_." yj g"kphqto cvkqp"untwewtg"]7_."cpf "rcvgt"vqy ctf u" better coordination of the logistics operations between the different stages of the supply chain, procurement, production and distribution 18_0' Vi g" cur gevu" eqpulf gtgf " y gtg<" rgcf " vko gu." capacities of the procurement and distribution channels, economies of scale, bill of materials, among others. Towards the end of the twentieth century the increased pressure by the economic internationalization, and new developments in computational processing created global supply ej clp"[9_."pgy "cur gevu"] cf "\q"dg"eqpulf gtgf "\j gug" included: demand uncertain considerations, vtcpuhgt"r tkegu."vczgu"cpf "f wkgu."gzej cpi g"tcvgu." among others, but not the modelling of alliances. Solutions were developed incorporating solution procedures supported in commercial software]: _"y cv"tguwngf "kp"ucvkuhcevqt{ "r tcevkecn"tguwnu"]9_0'Qyj gtu"vqr keu"tgrcvgf "y kyj "qwt "uwvf {."kpenwf g" procurement uncertainty in the demand for rtqf wewi']; .'32_.'cpf '\tcpuhgt'rtlegu']33.'34_0'

Supply chain considerations

The pertinent literature allows to development of multi-stage supply chains has been limited to the eqpygzydh'c'r i {ukecnbgw qtm'y i gtg'y g'f kwtkdwkqp'' ku" qti cpk gf " d{ "f kutkdwkqp" egpvgtu" *FE+" |6_0' However, although this is quite common in global environments, it can not be found in most practical cases in domestic environments, where plants can for instance, supply demand zones (DZ) directly. It ku'eqo o qp'kp'vj g'rkvgtcwtg.''vq'kpf 'eqpukf gtcvkqpu' with respect to the capacity in strategic rather than vcevlecn' eqpvgzvu0' P gxgtyj grguu." yj g"r tqdrgo "qh" capacity in tactical decision-making is important, and it is associated with the handling of throughput of product families. Finally, the simultaneous gzr nkek/" kpenxukqp" qh" vtcpuhgt" r tkegu" *VR+" cpf " economies of scale (SE) in supply chain models is conspicuous through absence in the literature. On the other hand, mathematical programming o qf gmkpi "kp" yj g"uwr r n("ej ckp" eqp ygz v"j cu" dggp" limited to problems having few logistics echelons 135_0' F wg" vq" vj gkt" eqo dkpcvqtkcn' pcwtg" vj g" treatment of supply chains has been limited to relate to production inside plants, without taking into account that transformation processes can be carried out in sales points associated with DZs (a Łhwi 'unci g'pqv'eqpukf gtgf 'kp''yi g'ewttgpv'rksgtcwtg+0' On the other hand, when a company has integrated F\ u. "vj g"r quuldlirk\{ "qh"uwtr nwu. "qt"f go cpf "f glek\" should also be considered, due to the demand variability.

Kp" eqpenwlqp." gzegr v" hqt" uqo g" s wcrkcvkxg" eqpf kkqpu" y cv" o c{" gzkuv" kp" ur gekŁgf " uwr r n{" chains situations, that require application of Kpvgi tcn'Cpcn(uku"O gyj qf "óKCO/"]36_"y g"cko " to include those aspects that are considered most relevant to making tactical decisions, particularly kp"f qo guvke"gpxktqpo gpvuO'Y kyj kp"yj ku"eqpvgzv."c" proposed model and solution process can be used as a reference for future studies.

Economies of scale and expandable capacities

The typical behaviour of SE is represented by the hwpewqp"uj qy p"kp"Łi wtg"3."y j gtg"yj g"cxgtci g"

cost decreases up to a point where production capacity is fully used, and increases again when y cv" ecr celx{" ku" gzeggf gf " cpf " uwdeqpvtcevkpi " or the use of stocks become necessary to satisfy demand. SE can be achieved through technological, organizational and pecuniary hcevqtu"[37."38_0"

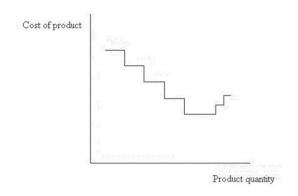


Figure 1 Average cost of production

Transfer pricing

ATP is the price that a selling department, division or subsidiary of a company charges for a product or service supplied to a buying department, fkklklqp."qt"uwdulf kct { "qh" iy g"uco g"Łto "]39_0Cu" proposed in this paper the approach suggested by]33_'ku'wugf "cu'c"dcuku'hqt "yi ku'o qf gr0

Distribution

Figure 2 shows a network with a wide range of possibilities for distribution and various forms of ownership organization in the domestic supply chain. Dotted lines represent subcontracted suppliers already established in the market, while continuous lines represent agents who are vertically integrated or are associated through alliances. In order to facilitate the reading of the article, we will denominate with the word "integrated" those business units that are owned by the organization or associated with it through alliances. A global possibility that can be modeled kp"c"f qo guke"eqpygzv"ku"qhtgtgf "d{ "IPP EQVGTO" "Delivery Duty Paid" (DDP).

Where: I"?"Gzvgtpcn'uwr r ngtu0'J = Integrated plants that supply goods to subsidiary plants. A = Integrated plants that do not supply goods to subsidiary plants. Q = Integrated distribution centers (DC). K = Integrated demand zones (DZ). L = Non integrated demand zones (DZ).

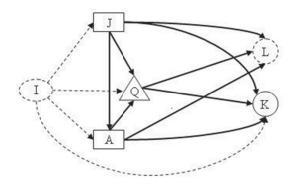


Figure 2 The Multi-stage supply chain network

Finally, one single distribution channel managed by the salesperson was assumed, since this is the condition most frequently found in domestic environments.

Demand

The model is based on the assumption that it is possible to satisfy the demand for goods in non-integrated DZs. In the case of integrated DZs, uwtr nwu"qt"f gŁek/'cuwqekcygf "y kj "y g"f go cpf "ku" cmqy gf. "y kj "y g"r wtr qug"qh'Lpf kpi "cp"qr vko wo " balance in production based on the estimation of average demand.

Storage

Vj g"rtqrqucn'o cf g"d{"]3: _"ku" wugf "q"j cpf rg" inventories transferred between agents and inventories transferred from DCs to integrated DZs. It includes considerations about safe stocks, security cycle factors, trip frequency, and inventory cycles, and assumes that the demand and the lead time of an item are independent of each other. This approach is particularly effective for practical matters.

Capacity

The model includes constraints on throughput capacity for each associated stock family in each one of the stages of the supply chain, since this is the condition usually found in real cases.

Bill of materials

The model includes constraints on bills of materials (BOM) for each facility where a transformation activity takes place, and for each raw material or input used in that activity. This eqpf kkqp"ku"o qtg"gzr rkek"y cp"y g"wwcri'ukpi rg" constraint set. In the case of DCs, a unique mass balance set constraint is caused by each case, because no transformation processes take place in them.

Model

The associated model (P1) is show below:

Indices and Sets:

In addition to the sets presented to illustrate the uwrn("ej clp"pgwqtm"lp"Li wtg"4."yjg"lqmqy lpi "are included:

D: Nodes of supply chain network

E: Operation scales. E(*,b): Operation scales of item b supplied by facility type *, where * D.

F: Item families. F(*): Item families of facility type *, where * D. H^* .): Item families transported between the facility and the facility $\sqrt{r} g''$. where (."+" N.

M: Handled products and input material. M(q): Items handled by DC q. M(*,q): Items handled by DC q and supplied by supplier *, where * D.

N: Arcs of supply chain network.

P: Products. P(*): Products supplied by supplier *, where * $D. R^*.$): Products of the facility uwr r ltgf "d{ "ȳ g"lcektk{ "v̄ r g" . where (." +" N. P(k,b1): Goods produced in integrated DZ k that use item b1 as input

R: Raw materials or input. $R(\cdot)$: Raw materials used by facility type *, where * D. T*.): Raw o cythcm'qh'hcektkv{ 'v{r g'' 'hwr r rkgf 'd{ 'hwr r rkgt'' , (.'' +'' N.

 where "D. *,b): Facility type supplied by heakt "t" t" with item b, where (." +" N.

In order to facilitar the read of paper the retco gygtu"ctg"f gpqygf "y kyj "zz"cpf "yj g"xctkcdrgu" y kyj "zzz." yj g{ "ctg" r tgugpygf "kp" gcej "eqpuntckpv" group.

Objective Function: O czko k g<'RtqŁv'chxgt'\cz"

Where: ua_*^+ ? "P gv"kpeqo g"dghttg"vcz"qhl'hcektk{" type * in the time period, where * $D.~ua_*^-$ = Nquu"dghttg"vcz"qhl'hcektk{"v{r g" * in the time period, where * $D.~IR_*$? "Vcz"qp"hcektk{"v{r g" * in the planning period (\$ / plant), where * $D.~ua_*^-$ = $0.~ua_*^-$ = 0.~

Constraints:

Rtg/vcz 'pgv'kpeqo g'kp''gcej 'hcekrkv{

Parameters: FCI = Inventory cycle factor (percentage). FIS_{*b} = Security stock factor for item b in facility type * (Item units / Planning D. $F_b = \text{Frequency of}$ period), where" trips between facility type and facility type "htt "kgo "b (Time units / Planning period), where (." +" N. H = Fraction of inventory keeping in one period. Holding cost given in \$/(\$. units of time) (units of time consistent with those of the average transportation time r ctco gygtu"f gŁpgf "dgmy +"]kp"i gpgtcn"i kxgp" $kp''8480' {gct_0L}_b = Lead time taken by facility$ type to deliver item b"\q'hcektk\{ "\\{ r g" "*Vko g" units / item), where (." +" $N. CF_* = Hzgf$ " cost of facility type * in the planning period (\$ / planning period), where * $D. CFA_{bb} =$

Equi'qh'f gŁek'hqt''kgo "b in integrated DZ k (\$ / item). CI_{*b} = Inventory cost for item b in facility type * in the planning period (\$ / item). CSO_{kb} = Cost of surplus of item b in integrated DZ k (\$ / item). CT_b = Initial unit transportation cost of item b from facility type ''q'hcekk\{ ''\q' r g'' '*&'T'kgo +''y j gtg (." +" N. $CV_{ib}^{\ e}$ = Cost of item b provided by supplier i at operation scale e (\$ / item). P_{kb} = Sale price of item b in DZ k (\$ / product unit).

Variables: $_{kb}$ = Item b used to satisfy the demand of DZ k in the time period. $x_{i*b}{}^e$ = Item b supplied by supplier i to facility type * at scale e per planning period, where * D. $y_b{}^e$ = Item b supplied by facility type "vq"hckkk\" \(v\r g \)" "cv"uecg" e per planning period, where (." +" N. $z_{qb}{}^e$ = Item b supplied by the DC q vq"y g"F\" (K, L) at scale e per planning period, where (." +" N. $w_b{}^e$ = binary variable that take a value 1 if the item b from facility type "ku'uwr r \(\frac{1}{2} \) "\(\frac{1}{2} \) "\(\frac{1}{2} \) "\(\frac{1}{2} \) "\(\frac{1}{2} \)" \(\frac{1}{2} \)"

Vj g"pgzv'gzrtguukqp"vcngu"kpvq"ceeqwpv''y g"rtg/vcz"pgv'kpeqo g"hqt"y ggeqo r gyg'ugv'qh'r rcpw''y cv' supply integrated plants.

Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
Expression for integrated DC's net income:	·	
Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
Expression for integrated DC's net income:		
		
Expression for DZ's net income:		

Rev. Fac. Ing. Univ. Antioquia N.° 60. Septiembre 2011-Expression for the net income of plants receiving products from subsidiary plants: (5) Gzrtguukqpu"hqt"o qf grkpi "yj g"uecrg"qr gtckqp"qh" type of constraints. In this case for the scale each facility type are modeled by the following qr gtcvkqp"qh"gzvgtpcn'uwr r nkgtu< Where x_{i*b} = Item b supplied by supplier i to facility type * per planning period, where * D. where: $GMAX_{ib}^{e}$?" O czko wo "uwr r n{ "qh" kgo "b(9) provided by supplier i at scale e per planning period (Item units / Planning period). $GMIN_{ib}^{e} = Minimum$ supply of item b provided by supplier i at scale e per BIG = Big positive number. G_{ib}^{e} : Oferta de la artículo \boldsymbol{b} suministrado por el proveedor \boldsymbol{i} en la planning period (Item units / Planning period). escala e por periodo de planeación (Unidades del An alternative modelling for the scale operation artículo / Periodo de planeación). qh'y g'gzygtpen'uwr r ngtu'ecp'dg'gzr tguugf 'hqt'y ku''

Demand in integrated DZ:

(10)

case as follows:

·····		······ Tactical planning of domestic supply chains
	Where: g_{kb}^{+} = Surplus of item b in DZ k . g_{kb}^{-} = FgŁek''qh''kgo " b in DZ k . pt_{*b}^{e} = TP of item b from facility type * in scale e per planning period, where * (D) ." * $_{*b}$ = Demand for item b in DZ	type * per planning period (Item units / Planning period), where", " D. Demand in non-integrated DZ:
	Mass balance at distribution center:	
	Production and handling capacity per item are modeled by the following type of constraints.	In this case for plant supplying subsidiary plants:
	$T_{d''}$ = Capacity units used by facility type to produce one unit of item b (Resource units / item). Where" D . T_b = Capacity units used in the transportation of item b between facility type and health{ '\frac{1}{5}} ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	* for item b per planning period (Resource units / Planning period), where * D. Bill of materials is modeled by the following type of constraints. In this case for plants supplying subsidiary ones:
	where Q_{blb2} = Quantity of item $b1$ used in the production of item $b2$ (Volume or weight units of item $b1$ / item $b2$)	Item-family inventory capacity is modeled by the following type of constraints. In this case for plants supplying subsidiary ones:
	$CAPI_{*f}$ = Finished-product inventory capacity of family f in facility type * in the planning period (Volume or weight / Planning period), where *	D. V_{fb} = Volume or weight of item b in the stock place associated with family f in the planning period (Volume or weight / item)

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Transportation capacity is modeled by the following type of constraints. In this case

between DC and both integrated and not-integrated DZs:

CAPT $_f$ Carrying capacity of the means of transportation associated with family f that is used between facility type 'cpf' hcektk{ 'V{ r g'' 'kp''}} the planning period (Volume or weight / Planning period), where (." +" N.

Transfer-price bounds are modeled by the following type of constraints. In this case in plants supplying subsidiary ones:

 $PTMAX_{*_b}^e$ = Upper bound of TP of item b in facility type * in scale e in the time period, where * (D). $PTMIN_{*_b}^e$ = Lower bound of TP of item b in facility type "in scale e in the time period, where * D.

Flow bounds are modeled by the following type of constraints. In this case of supplier:

(18)

 $SMAX_{*b}$? "O czło wo "uwr r n ("qh"kgo "b agreed by supplier (Item units / Planning period), where * $D. SMIN_{*b}$ = Minimum supply of item b agreed by supplier * (Item units / Planning period), where * D.

The decision variables are nonnegative

Solution process

For solving the problem, three steps are proposed:

Usgr "30Tgf gŁpkkqp"qh"xctkcdrgu<"Vj g"pqp/rkpgct" pcwtg" qh" gs wckqpu" 4" vq" 7" ku" uko r rkŁgf =" yj g" nonlinearity treated arise from the product of yj g"wy q"eqpvkpwqwu."pqp/pgi cvkxg"ł qy "xctkcdrgu" and the TP associated with them is replaced by a non-negative continuous variable. The method employed is illustrated by equations 23 through 26 (the latter being related to equation 9). The result is an equivalent problem (called P3), which is also a bilinear and non-linear MIP problem but more treatable.

Ugr "40' F gŁpkkqp" qh" dqwpf u<" Vj g" xgevqtu" qh" the lower bound (UMIN) and the upper bound *WO CZ+"ctkugu"qh"rtg/vcz"rtqŁv"xctkcdrgu"hqt" each of the integrated agents involved in the supply chain, and the objective function bounds are calculated. In order to determine bound vectors, the number of scale levels of P3 is tgf wegf "vq"qpg."VR"ctg"Lzgf "vq"yj gkt"o czko wo " *o kpko wo +" xcnwg." cpf " kpr wv" equvu" ctg" Łzgf " vq" vj ght" o kpko wo " *o czko wo +" xcnwg" hqt" gcej " ł qy 0'Eqpugs wgpw(."wy q"xgtukqpu"qh"yj g"tgrczgf" problem (denominated P2) are obtained. In summarizing, this linear problem allows the ecrewrckqp"qh"yj g"rtqŁv"dqwpf u"qh"yj g"qtki kpcn" problem (P1). The mathematical programming rtqdrgo "R4"ku"dkrkpgct0Ceeqtfkpi "\q"]3; _"kv"ku"cp" NP-hard problem.

Step 3. P3 solution: In order to solve P1, a procedure based on the inclusion of additional constraints on P3 is proposed. First, upper and my gt"dqwpf u"qh" yi g"rtg/wz"rtqŁv"xgevqt"cpf"

<u></u>		Tactical planning of domestic supply chains
	qh" rtqŁv" qdlgevkxg" dqwpf u" qdvckpgf " htqo " yj g" previous step are included. Additionally, from the vtcpulqto cvkqp"rtgugpvgf "d{"]42_"vq"crrtqzko cvg"	Tgf gŁpkkqp'' qkl' xct kcdrgu (in this point is necessary to have as reference the model NLMIP presented above with equations A^*)
	the nonlinearity of the problem, new variables ctg" tgf gŁpgf " cpf " pgy " eqputckpu" ctg" cf f gf " to previous constraints of P3. Finally, a binary search algorithm is proposed.	These are the new non negatives variables:
	Alternatively for equation 9	
	And affect the equations (2 to 5), and the equation (9) as:	
	Also it affects the constraints associated to the TP. In order to illustrate it, the constraints associated	vq"yj g"dqwpf u"qh"ł qy u"yj cv'rgcxg"yj g"kpygi tcygf plants that supply goods to subsidiary plants are used (equation 17):
	Constraints associated with the previous equations are included. And Alternatively: Equation (8):	
	8 YÙb]l·jcbˈcZVci bXg	Hktuv"R4"O qf gn<"VR"cpf "ł qy "equvu"ctg"Łzgf "cu
	The two bilinear models, P2, are based on model P1 as follows:	follows:

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Ugeqpf 'R4"O qf gn<"VR"cpf 'l qy "equvu"ctg"\{\frac{1}{2}zgf "cu" follows:	
Scale summations and their associated binary variables are eliminated in equations 2 to 5, cpf " ł qy u" dqwpf u" eqpunckpu" ctg" o qf kŁgf "	kp"qtf gt"vq"guvcdrkuj "ł qy "dqwpf u"kp"vj g"pgy "variables. In order to illustrate it, equation 2 (below) is used:
	_
<u></u>	
<u>-</u>	
Flow constraints are replaced by the following gzrtguukqpu" yi cv"guvcdrkuj "ł qy "dqwpfu" dgw ggp" each echelon of the supply chain, as was	o gpvkqpgf "gctrkgt0Cu"cp"gzco r rg."vj g"eqpuvtckpvu" cuuqekcvgf "y kvj "vj g"ł qy u"qh"kpvgi tcvgf "F Eu"vq" integrated DZs are used:
Where I^{emin} represents the minimum bound of I^{emin} qy "cuuqekcygf" y ky "y g"uo cmgt" uecng "dgw ggp" two echelons, and I^{emax} I	qdlgedxg"rtqLv'dqwpfu"qh"gcej "dwdpguu'wpk'cpf" objective solution obtained in this step are used as virtual upper and lower bounds of P3.

the successive LP solution procedure introduced d{"Xkf cn'cpf "I qgwej crenz"]33_."cpf "tgr tgugpw"c" tgrczgf 'xgtukqp'qh'y ku'r tqdrgo 0Cu'y cu'o gpvkqpgf " rtgxkqwun{."yj g"uqnwkqpu"hqt"rtg/vcz"rtqŁv"cpf"

Vj g'r tqdrgo 'R4'ku'ghLekgpvn{ 'uqnxgf 'd{ 'o gcpu'qh'

dqwpf "qh" i qy "cuuqekcygf "y kyj "yj g" mti gt "uecrg"

associated in the original problem (P1).

Finally, the constraints of TP are eliminated.

P3 solution procedure

In order to solve P3, the bilinear nature of equations 2 to 5 associated with each unit business ctg"\tgcvgf"d{"ugwkpi"rtg/vcz"rtqŁvu0Vj gug"xcnwgu" ctg"ecnewrcygf "htqo "yj g"o czko wo "cpf "o kpko wo " bounds obtained from P2 as:

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$\label{eq:write_wite_series} \begin{split} & \text{Wrrgt"dqwpf"qh"rtg/wz"rtqLwu"xgevqt."} \textit{UMAX}: \\ & \text{Ocz"} \text{``W}_{\text{FIRST P2}}, \text{U}_{\text{SECOND P2}} \text{)}. \\ & \text{Nqy gt"dqwpf"qh"rtg/wz"rtqLwu"xgevqt."} \textit{UMIN}: \\ & \text{Min (U}_{\text{FIRST P2}}, \text{U}_{\text{SECOND P2}} \text{)}. \\ & \text{And similarity:} \\ & \text{Wrrgt" dqwpf" qh" vqwrl" rtqLv."} \textit{OFMAX} \text{'`Ocz"} \\ & (\textit{OF}_{\textit{FIRST P2}}, \textit{OF}_{\textit{SECOND P2}} \text{)} \\ & \text{Nqy gt'dqwpf'qh'vqwrll' tqLv.'} \textit{OFMIN}: \text{Min (}\textit{OF}_{\textit{FIRST P2}}, \textit{OF}_{\textit{SECOND P2}} \text{)} \\ & \text{Nqy gt'dqwpf'qh'vqwrll' tqLv.'} \textit{OFMIN}: \text{Min (}\textit{OF}_{\textit{FIRST P2}}, \textit{OF}_{\textit{SECOND P2}} \text{)} \\ \end{aligned}$	Where: $U_{FIRSTP2}$ < Rtg/vcz"r tqŁvu"xgevqt"uqnwkqp"qh" Łtuv"R40 $U_{SECONDP2}$ < Rtg/vcz"r tqŁvu"xgevqt"uqnwkqp" of second P2. $OF_{FIRSTP2}$ < Qdlgevkxg"hwpevkqp"qh"Łtuv" P2. $OF_{SECONDP2}$: Objective function of second P2 This solution process implies the inclusion of a set of additional constraints to P3. The set of equations is shown below: (32) Vj g"vqvcn"r tqŁv'eqpuvtckpv'ku'uj qy p"dgrqy <
Finally in order to deal with the nonlinearity of R5."]42_" vtcpulqto cvkqp" y cu" wugf ." lqt" ugwkpi " product prices for bundling of products. The cwj qtu"r tgugpv"cp"cr r tqzko cvkqp" y cv'kpenwf gu" substitution of new variables and constraints that are added to problem. This is shown below: Suppose the product "z" "appears in a model, where wis hinery (0.1) veriable while wis	÷#D#T ÷#D#T ÷#D#YI y ÷ Ø#T #4#8#4#YOH T Where: M :: Upper bound on the value of "cpf" M :: Upper bound on the value of "z" Kp" qtf gt" vq" wug" yj g"]42_" crrtqcej ." Łtuv" yj g"
where is binary {0,1}variable while is nonnegative continuous variable, then:	hqnqy kpi "pqp"pgi cvkxg"xctkcdrgu"ctg"tgf gł.pgf 0' These are the new variables:

This procedure affects the equations (2 to 5) constraints. In turn to illustrate the previous

r tqeguu. "kv"ku"r tgugpvgf "rkng"gzco r ng"hqt"gs wcvkqp"

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The precess also effects the constraints associated	abili alikay yiki arlimayalki alilaysi tayaf lle mayyiki arli
The process also affects the constraints associated with the TP. In order to illustrate the previous	qh'y g''l qy u''y cv'rgcxg''y g''lpvgi tcvgf ''r rcpw''y cv'' do not supply goods to subsidiary plants, are
assertion, the constraints associated with bounds	used:
associated with country	used.
Constraints associated with the equation	cuuqekcvgf "y kyj "yj g"ł qy "qh"kpvgi tcvgf "FEu"vq"
÷ ΩT ctg'kpenwf gf 0Cu'cp'gzco r ng. 'ý g'eqpuvtckpvu''	kpvgi tcvgf "F\u"ctg"wugf 0'Uqo g"gzco r rgu"ctg<
Constraints associated with the equation (OVM	
Constraints associated with the equation $\div \Omega YM_Y$ ctg'kpenwf gf 0Uqo g'gzco r rgu'ctg<	
etg speim gi ocqo g gzeo i igu etg	
·	
·	
Constraints associated with the equation	
$\div \varnothing T - (1 - Y)M_T$ are included. In order to	
kmwuxtcvg"kv."uqo g"gzco r ngu"ctg"rtgugpvgf <	

....

Finally, in order to make the procedure of solution o qtg'ghLekgpv.'j g'dkpct{'ugctej 'cri qtkj o 'uj qy p'' below is used. The above P3 solution process, as already mentioned, leads to the solution of the original problem P1.

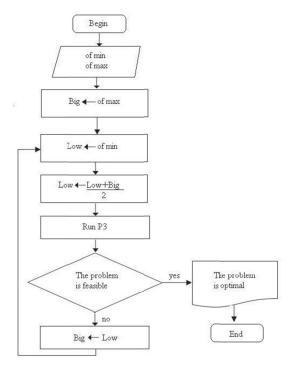


Figure 3 Binary search algorithm

Computational experience

The Table 1 below shows the instances of the problem. They are divided in twelve simulated

instances of P3 to determine its respective eqo r wc.kqpcn' eqo r ngzkx{0' Hqt" gcej " kpuxcpeg." their physical and computational characteristics are described in order to analyze its performance (see table 1).

The solution process was supported by MIP commercial software LINGOTM. In the computations of the instances, Pentium-4 2.8 Ghz, 1 GB RAM and Win XP-SP2 operative system was used. The solutions presented are optimum. The total CPU time is in (min:sec) format.

Conclusions

Vj g"o quv'uki plkLecpv'eqpvkldwkqpu"qh"vj ku"r cr gt" are the design of a mathematical programming model that can be used as a paradigm in the tactical planning of domestic supply chains, and the description of the procedure followed to solve it. An advantage of the solution process proposed ku"vj g"rqy "uki plkLecpv'rgxgri'qhi vgej plecn'gzr gt kug" required to achieve the fast solution times for the instances studied.

Among the new research possibilities opened up by this paper are the development of new solution procedures (e.g., decomposition methods) that allow the application of the model in larger scales of optimization, and the consideration of qualitative aspects that can be relevant in these types of organizations, such as transaction costs, |36_"cpf "uq."ecp"dg"lpenwf gf "lp"yj g"qr vlo k cvlqp" of the supply chain.

Table 1 Summary of the performance of the procedure

Instances	Instance 1			Instance 2			Instance 3		
characteristics	P1	P1-P2	P3	P1	P1-P2	P3	P1	P1-P2	P3
Plant J	2	2	2	3	3	3	3	3	3
Plant A	1	1	1	2	2	2	2	2	2
Suppliers	2	2	2	6	6	6	8	8	8
Distribution Centers	2	2	2	3	3	3	4	4	4
Integrated Demand Zones	1	1	1	3	3	3	6	6	6

Continuación Tabla 1

Instances	Instance 1			Insta	nce 2	Instance 3			
characteristics	P1	P1-P2	P3	P1	P1-P2	P3	P1	P1-P2	Р3
Subcontracted Demand Zones	1	1	1	3	3	3	4	4	4
Final products	5	5	5	8	8	8	10	10	10
Products	5	5	5	8	8	8	10	10	10
Raw material	6	6	6	9	9	9	12	12	12
Economy Scales for agent-item combination	2	2	2	2	2	2	3	3	3
Iterations	52.652	36.356	1.215	38.345	37.074	17.770	198.187	103.474	101.892
All variables	1.727	1.727	2.031	12.649	12.649	15.197	41.450	41.450	50.138
No linear products	394	394	-	3.383	3.383	-	10.616	10.616	-
Binary variables	180	180	180	1.670	1.670	1.670	5.784	5.784	5.784
All constrains	902	916	1.510	7.107	7.131	12.203	21.836	21.868	39.212
No linear constrains	254	254	-	1.767	1.767	-	5.823	5.823	-
CPU time	4:03	1:54	0:08	4:57	1:12	0:39	2 h 56:19	22:50	2:56
Memory (K)	672	681	789	3.462	3.473	4.252	9.650	9.669	12.216
Objective percent gap		0%			0%			0%	

P1-P2: P1 es resuelto utilizando las cotas de P2.

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