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A HEURISTIC SOLUTION PROCEDURE  
FOR  
THE INVENTORY ROUTING PROBLEM

by

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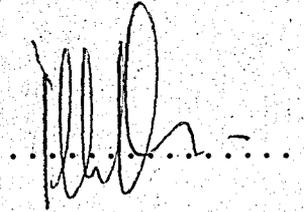
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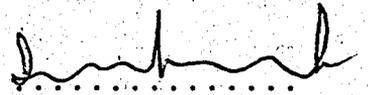
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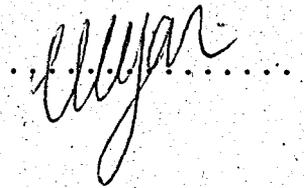
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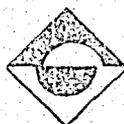
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## ABSTRACT

In this study, it is aimed to present a heuristic solution procedure for the Inventory Routing Problem, which is an important extension of the Vehicle Routing Problem. The Inventory Routing Problem has the same basic structure as the Vehicle Routing Problem. However, it leads to a very complex and large mathematical programming formulation since additional consideration is given to vehicle travel time constraints as well as to inventory fluctuations and stockouts.

A computer program is developed in order to obtain computational results for the suggested heuristic solution procedure.

## Ö Z E T

Bu çalışmada, Yol Atama Probleminin önemli bir uzantısı olan Envanterli Yol Atama Problemi için sezgisel bir yöntemin geliştirilmesi amaçlanmıştır. Envanterli Yol Atama Problemi, Yol Atama Problemi ile temelde aynı yapıya sahip olmasına karşın daha karmaşık ve geniş matematiksel programlama formülasyonunu gerektirir. Problemden araç yolculuk süresi, envanter dalgalanmaları ve yokluk durumu gözönüne alınmıştır.

Önerilen sezgisel yöntemin sayısal sonuçlarını elde etmek üzere bir bilgisayar programı geliştirilmiştir.

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## I. INTRODUCTION

"The provision of goods and services from a supply point to a demand point" may be defined as logistics. A complete logistics system covers the entire process of moving raw materials and input requirements from suppliers to plants, the conversion of the inputs into products at certain plants, the movement of the products to various warehouses or depots, and the eventual delivery of these products to the final consumers. The distribution activities of this system include all movements and storage of goods "downstream" from the plants. The last step in these movements (from distribution centers to customers), which may be called local delivery, is the most costly link of the distribution chain. These movements need an effective distribution management which presents a variety of distribution problems.

The importance of distribution problems is evident from the magnitude of the associated distribution costs. Surveys by Kearny show that physical distribution costs account for

about 16% of the sales value of a product. Of this, about a fourth is due to downstream distribution of the final product from distribution centers to customers. A detailed study of the distribution problem involves an explicit consideration of vehicle routing and fleet size and mix issues.

The original vehicle routing problem is a distribution management problem. Its application areas range from school bus routing, to blood banking, to delivery of consumer goods. In all cases, the basic components of the problem are a fleet of vehicles with fixed capacities and a set of demands for transporting certain products or objects between specified pick up and delivery points. The aim is to determine which of the demands will be satisfied by each vehicle and which route each vehicle will follow in servicing its assigned demands. Of course, cost minimization is the primary objective. Cost items include essentially fuel, personnel and vehicle depreciation. The routes are designed so that:

- (i) each demand location is served by exactly one vehicle (demand constraint);
- (ii) the total demand on each route is less than or equal to the capacity of the vehicle assigned to that route (vehicle capacity constraint);
- (iii) each route begins and ends at a central depot (routing constraint).

In this study, we will consider an extension of the above described vehicle routing problem. In this extended problem vehicle travel time constraints are incorporated besides the vehicle capacity constraints, then requirements at the delivery points are relaxed into random variables (rather than the

deterministic parameters assumed in the original vehicle routing problem) and furthermore, store of goods (from one delivery period to the next) is allowed. The new problem is called the Inventory Routing Problem.

To summarize the remainder of the study, in section 2 we state the problem. Section 3 introduces a heuristic solution procedure for inventory routing problem. Section 4 solves an example problem using the computer program of the procedure.

## II. PROBLEM STATEMENT

In this chapter, we define and explain the inventory routing problem, present application areas and make a literature survey.

### 2.1 Problem Definition

It is a single depot problem. There are  $N$  nodes where the first one is the supply node (depot), and the remaining ones are the demand nodes. The storage capacity  $SC_i$  is known for all demand nodes  $i = 2, \dots, N$ . The daily demand  $\xi_q^i$  of demand node  $i$  in day  $q$  is independent and identically distributed random variable over the planning horizon. Expected values  $R_i = E[\xi_q^i]$  and variances  $\sigma_i^2 = \text{VAR}[\xi_q^i]$  are given for all  $i = 2, \dots, N$ .

The locations of nodes are represented by coordinate points in a plane. Then, the distances between all pairs of nodes, which construct the road network connecting all nodes, can be determined. Products or objects are to be transported from the

supply node to the demand nodes, using at most  $K$  vehicles with capacities  $VC$ . The term "trip" is used for any sequence of nodes that are serviced by one vehicle in one loading (see Figure 2.1). It starts and ends with the supply node. The term "route" is used for any collection of trips served by the same vehicle in the same delivery period (see Figure 2.1).

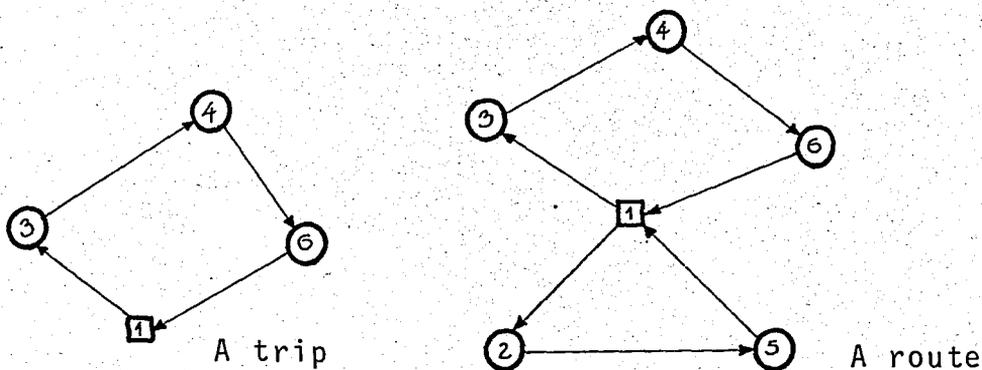


Figure 2.1

Maximum length of each route is  $T$  time units which is the vehicle travel time constraint. Also, additional vehicles may be hired, however, that alternative is highly undesirable and costly. Cost of hiring additional vehicles is  $h$  TL per unit time, unit capacity for a trip.

Let the planning horizon be  $Q$  delivery periods (a day corresponds to a delivery period), and let  $I_{i,q}$  be the amount of goods left in inventory from day  $q$  to day  $q+1$  at node  $i$ , for  $q = 0, \dots, Q-1$ . The amount in inventory just before the first day of the planning horizon is  $I_{i,0}$  for the demand node  $i$ . Suppose that deliveries to the demand nodes replenish inventories up to their capacities, and that deliveries made to node  $i$  in day  $q$  may be used to meet the requirements of day  $q$ . Then,  $I_{i,q}$  is a random variable dependent not only on daily

demands, but also on the date of last delivery. Let  $t_i$  be the date of last replenishment.  $t_i$  is less than or equal to zero where it implies last delivery being  $(-t_i+1)$  days before the start of the planning horizon. Then,  $I_{i,q}$  can be defined in terms of  $t_i$  and distribution function of daily demand as:

$$I_{i,q}(t_i) = \max[(SC_i - \sum_{r=t_i}^q \xi_r^i), 0]$$

where  $\xi_r^i$  with  $r \leq 0$  denoting demand in the days before the start of the planning horizon. The amount delivered,  $A_{i,q}$ , is also a random variable dependent on daily demands and the date of last delivery. A delivery is made to node  $i$  on day  $q$  is;

$$A_{i,q}(t_i) = \min[\sum_{r=t_i}^{q-1} \xi_r^i, SC_i]$$

A stockout is said to occur on day  $q$  if the amount of goods available at node  $i$  on day  $q$  is not enough to satisfy the daily demand  $\xi_q^i$ . A stockout implies certain penalties and an immediate emergency shipment to replenish the inventory up to its capacity. Assume that emergency shipments do not use the vehicles mentioned before and have relatively high costs.

There are two types of costs in the above system:

1) Operating costs: These are the costs associated with deliveries to the demand nodes. Operating costs are direct delivery costs (cost of fuel, crew, wear and tear, etc.), capital cost and cost of hiring additional vehicles. Letting direct delivery costs and capital costs be the linear functions

of distance traveled,  $CK$  is the direct delivery plus capital cost per unit distance traveled for each vehicle.

2) Stockout costs: These are the costs associated with not making deliveries to the demand nodes. A stockout cost  $SL_i$  is incurred if there is a stockout at demand node  $i$  anytime during the planning horizon. It will also be assumed that the date of last delivery to node  $i$ ,  $t_i$  is known for all nodes  $i = 2, \dots, N$ .

Assume that ;

$$P\left\{ \sum_{q=1}^Q \epsilon_q^i > SC_i \right\} = 0 \quad i = 2, \dots, N.$$

This quite realistic assumption means; if any demand node  $i$  is replenished (through regular deliveries or emergency shipments) at any time  $q$  during the planning horizon, a stockout at node  $i$  is not possible in the time interval  $[q, Q]$ . This important assumption has two implications:

- i) with no loss of generality, the problem may be restricted to at most one delivery to any demand node during the planning horizon;
- ii) the stockout cost will be incurred at most once during the planning horizon at any demand node.

Now, the expected stockout cost associated with any decision policy can be determined. Suppose the decision policy is to make deliveries to node  $i$  on day  $q$  of the planning horizon. Then, a stockout may occur on days  $1, \dots, q-1$  and only if the event

$$\left\{ \sum_{r=t_i}^{q-1} \epsilon_r^i > SC_i \right\}$$

occurs. Furthermore, the way parameter  $t_i$  is defined implies that event

$$\left\{ \sum_{r=t_i}^0 \xi_r^i \leq SC_i \right\}$$

has occurred. (Otherwise, the logic of the model would imply an emergency shipment to node  $i$  at some time  $t \in (t_i, 0)$ , however, this contradicts the assumption that  $t_i$  is the date of last replenishment of node  $i$ ). Then, the expected stockout cost is;

$$SL_i \times P \left\{ \sum_{r=t_i}^{q-1} \xi_r^i > SC_i \mid \sum_{r=t_i}^0 \xi_r^i \leq SC_i \right\}$$

Note that the cumulative distribution of the random variable  $\sum \xi_r^i$  is necessary for the above cost term. We will assume that it is possible to estimate the cumulative distribution function,  $\phi_i^m(b)$ , in terms of  $E[\xi_r^i]$ ,  $VAR[\xi_r^i]$  and  $m$ , which leads to

$$\phi_i^m(b) = P \left\{ \sum_{r=1}^m \xi_r^i \leq b \right\} = f_i(b, R_i, \sigma_i, m)$$

The objective is to minimize total stockout and delivery costs of all demand nodes over a fixed planning horizon of  $Q$  delivery periods.

## 2.2 Application Areas, Sources of Difficulty, Analysis of Assumptions

The inventory routing problem can be applied mainly to distribution problems, where it is necessary to use inventory and random demands. An example is the delivery of the gasoline to automotive service stations. Also, it can be used in the

industrial gas industry, where the gas producers themselves install tanks at customer locations and determine the replenishment frequency and delivery size. Another potential application is the allocation of a perishable product such as blood, where the supply to various locations in a particular region is coordinated by a regional center.

The importance of the interrelationships between inventory and distribution planning is easily recognized from the above examples. However, the inventory routing problem described in 2.1 leads to a very complex and large mathematical programming formulation. It is almost impossible to generate an exact solution procedure for even relatively very small values of  $N, K$ , and  $Q$ . Also, the size of the problem grows exponentially as the number of nodes, vehicles and delivery periods increase. Due to the complexity of the inventory routing problem, it can only be solved heuristically.

In the problem definition, some assumptions are used. One of them, which has two important implications, is:

$$P\left\{\sum_{q=1}^Q \xi_q^i > SC_i\right\} \approx 0 \quad i = 2, \dots, N.$$

Assuming a very small value for the above probability expression, it may be avoided to replenish any demand node more than once during the planning horizon. In other words, if any demand node  $i$  is replenished at any time  $q$  during the planning horizon, a stockout at node  $i$ , which needs a replenishment again, is not possible in the time interval  $[q, Q]$ . Without any loss of generality, the delivery to any demand node and the occurrence of stockout at any demand node are limited by this assumption.

Otherwise, our problem becomes even more complex; since, all the demand nodes must be checked for each day of the planning horizon whether it will be serviced or not.

### 2.3 Literature Survey

The literature in this area is quite scarce, however, there have been some pioneer works in the vehicle routing problem literature. A simulation study for a deterministic inventory/routing system was reported in Assad et al. (1982). Random demands have been treated in Stewart and Golden (1982) and Bodin et al. (1982). They described a "Stochastic Vehicle Routing Problem" where inventory considerations are incorporated but planning horizon is limited to a single delivery period and vehicle travel time constraints are put on trips (not on routes). Federgruen and Zipkin (1982) described "A Combined Vehicle Routing and Inventory Allocation Problem", where a more detailed inventory submodel is considered, however, vehicle travel time constraints are ignored and also, the planning horizon is limited to a single delivery period. Also, Cook and Russell (1978) undertook some simulation studies of vehicle routing problems with random delivery sizes.

### III. A HEURISTIC SOLUTION PROCEDURE FOR INVENTORY ROUTING PROBLEM

Our problem is to decide which nodes to be visited in delivery period  $q$ . As described in 2.1, there are two types of costs in the system; and, our heuristic solution procedure is based on a trade off between these two types of costs. Then, inventory routing problem denotes a trade off between "stockout costs" and "delivery costs". Any given node  $i$  will be visited at the "proper" time during the planning horizon if its stockout cost weighs more heavily than its delivery cost; otherwise, it is not visited. Stockout costs of nodes are independent of each other since a delivery or a nondelivery to a demand node  $i$  does not affect the stockout cost of node  $j$  ( $j \neq i$ ). Therefore, these costs are relatively easy to determine. But delivery costs of nodes are strongly dependent and impossible to determine before the actual routes are generated. The difficulty in the determination of delivery costs of nodes is a complicating factor for our problem.

(These costs must be determined or approximated in some way in order to apply the trade off procedure.) The basic idea of our procedure is to decompose the overall problem into three subproblems in such a way that it will be possible to treat the delivery costs also as independent of each other. Then we will iterate among these subproblems until a satisfactory solution is generated. At every iteration, the previous routing is used as a base for the current delivery costs of nodes.

The first step, in this procedure, is generation of  $Q$  sets of seed nodes (one set for each day in the planning horizon), in order to construct an initial routing. These seed nodes are determined with respect to stockout costs only. The second step is the subproblem one, where minimum cost trips are generated satisfying vehicle capacity constraints for each set of nodes. Packing the generated trips into routes satisfying vehicle travel time constraints and minimizing the use of additional hired vehicles is the third step. Therefore, the second subproblem is a packing problem. In subproblem three, new marginal delivery (operating) costs are approximated based on generated routes. Then an assignment is done using cost parameters. This is the last step where  $Q$  new sets of nodes are generated.

Now let us explain these steps with the details.

### 3.1 Generation of Seed Nodes

An initial assignment of demand nodes is made to days and a set of seed nodes is generated for each day of the planning horizon. This assignment is based on stockout costs only. Stockout probabilities must be determined in order to generate stockout costs of nodes given a delivery on day  $q$ . As defined in 2.1, the expected stockout cost is

$$SL_i \times P\left\{ \sum_{r=t_i}^{q-1} \xi_r^i > SC_i \mid \sum_{r=t_i}^0 \xi_r^i \leq SC_i \right\}$$

Then, the probability of a stockout at node  $i$ , before day  $q$  is

$$P_{i,q} = P\left\{ \sum_{r=t_i}^{q-1} \xi_r^i > SC_i \mid \sum_{r=t_i}^0 \xi_r^i \leq SC_i \right\}$$

Unfortunately a closed form or simple and accurate approximations for the above probability expression is not easy to determine. This is however beyond the scope of this study. We will assume that stockout probabilities  $P_{i,q}$  will somehow be made available. Then, the assignment is done in the following way:

Define set  $V_q$ ,  $q = 1, \dots, Q$ , where  $V_q$  is the set of nodes to be visited on the  $q$ th day of the planning horizon. Then, starting with  $q = 1$  and incrementing up to  $q = Q$ , execute the following:

For every  $i = 2, \dots, N$ , not already assigned to a set, assign node  $i$  to  $V_q$  if

$$SL_i \times P\left\{ \sum_{r=t_i}^q \epsilon_r^i > SC_i \right\} = SL_i \times P_{iq} > \bar{S}$$

where  $\bar{S}$  is a predetermined constant.

The above stockout costs are used for initial step and will be updated later in the procedure, as more information becomes available about delivery costs.

### 3.2 Routing Subproblem

In this step, a set of minimum cost trips, satisfying vehicle capacity constraints, is generated for each of the sets  $V_q$ ,  $q = 1, \dots, Q$ . Assume that vehicle capacity constraints in our problem are on total expected amounts to be delivered on any trip (rather than the actual amounts delivered). Hopefully this assumption will not cause any major problems in applications. Then, this step is reduced to solving  $Q$  original vehicle routing problems.

Any one of the existing routines can be used in order to solve these vehicle routing problems. However, the speed of the routine is important for us, because this subproblem will be executed over and over again ( $Q$  times for each iteration). The solutions generated at a particular iteration will not be the final routes but just a basis for the determination of marginal delivery cost (see 3.4 for details). Then, a modified Clark and Wright algorithm (Golden and Magnanti, 1977) is used which is a simple and fast routine.

#### A Modified Clarke-Wright Algorithm:

This is a heuristic solution procedure based on Clarke and Wright's Savings Method (Clarke and Wright, 1964). Savings

method is an "exchange" procedure in the sense that at each step one set of tours is exchanged for a better set of tours. Initially, we suppose that every two demand nodes  $i$  and  $j$  are supplied individually from two vehicles (refer to Figure 3.1 below).

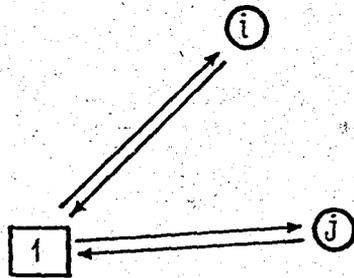


Figure 3.1 Initial Set up

Now if instead of two vehicles, we used only one, then we would experience a savings in travel distance of

$$(2d_{1i} + 2d_{1j}) - (d_{1i} + d_{1j} + d_{ij}) = d_{1i} + d_{1j} - d_{ij} \text{ (see Figure 3.2)}$$

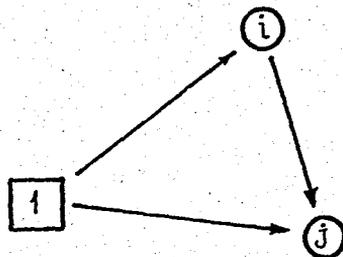


Figure 3.2 Nodes  $i$  and  $j$  have been linked.

For every possible pair of demand nodes  $i$  and  $j$  there is a corresponding saving  $s_{ij}$ . We order these savings from greatest

to least and starting from the top of the list we link nodes  $i$  and  $j$  where  $s_{ij}$  represents the current maximum saving unless the problem constraints are violated. Then, at each step in the Clarke-Wright algorithm we seek the greatest saving  $s_{ij}$  subject to the following restrictions:

- (i) nodes  $i$  and  $j$  are not already on the same trip;
- (ii) neither  $i$  nor  $j$  are interior to an existing tour;
- (iii) vehicle capacity is not exceeded;
- (iv) maximum number of drops is not exceeded (in a sense, maximum trip time).

Nodes  $i$  and  $j$  are linked together to form a new trip, and the procedure is repeated until no further savings are possible.

The basic Clarke-Wright algorithm is modified in three ways:

1. By using a route shape parameter  $\beta$  to define a modified saving

$$S_{ij} = d_{1i} + d_{1j} - \beta d_{ij}$$

and placing greater emphasis on the distance between nodes  $i$  and  $j$  rather than their position relative to the supply node as the parameter increases from zero;

2. by considering savings only between nodes that are "close" to each other;
3. by storing savings  $S_{ij}$  in a heap structure to reduce comparison operations and ease access.

Let  $NT_q$  be the number of trips generated,  $TD_{jq}$  be the total duration and  $TA_{jq}$  be the expected total amount delivered on trip  $j, j=1, \dots, NT_q$  for each  $q=1, \dots, Q$ , at the end of this step.

### 3.3 Packing Subproblem

$NT_q$  trips generated in the routing subproblem satisfy vehicle capacity constraints only. In this step, these trips are packed into  $K$  routes satisfying vehicle travel time constraints for each of the sets  $V_q$ ,  $q = 1, \dots, Q$ . The objective of these packing subproblems is to minimize the use of additional hired vehicles for each day of the planning horizon. The formulation is obtained as follows.

Let  $NT_q$ ,  $TD_{jq}$ ,  $TA_{jq}$  be the parameters obtained from 3.2. and let  $h$ ,  $T$  be the parameters defined in 2.1. Now, define variables  $y_{ikq}$ ,  $y_{joq}$  for  $k = 1, \dots, K$ ;  $j = 1, \dots, NT_q$ ;  $q = 1, \dots, Q$  as follows:

$$y_{ikq} = \begin{cases} 1 & \text{if trip } j \text{ on day } q \text{ is assigned to vehicle } K \\ 0 & \text{otherwise} \end{cases}$$

$$y_{joq} = \begin{cases} 1 & \text{if trip } j \text{ on day } q \text{ is assigned to a hired} \\ & \text{vehicle} \\ 0 & \text{otherwise} \end{cases}$$

Then, for each  $q = 1, \dots, Q$  the problem is:

$$(P1) \quad \begin{aligned} & \text{minimize} \quad \sum_{j=1}^{NT_q} \bar{c}_{jq} \cdot y_{joq} \\ & \text{subject to :} \quad \sum_{k=0}^K y_{jkq} = 1 \quad j = 1, \dots, NT_q, \end{aligned}$$

$$\sum_{j=1}^{NT_q} TD_{jq} y_{jkq} \leq T \quad k = 1, \dots, K,$$

$$y_{jkq} \in \{0,1\} \quad j = 1, \dots, NT_q; \quad k = 0, \dots, K$$

where  $\bar{c}_{jq} = h \cdot TA_{jq} \cdot TD_{jq}$ .

Problem (P1) is a Generalized Assignment Problem. Notice that a zero minimum value for (P1) implies the ability of serving all nodes in  $V_q$  with the available fleet, whereas a nonzero minimum value implies the insufficiency of the fleet and thus a reduction in  $V_q$ . The above problem can be formulated in a general way. This formulation is :

$$\text{minimize } Z = \sum_{i \in I} \sum_{j \in J} c_{ij} x_{ij} \quad (1)$$

(P2)

$$\text{subject to: } \sum_{j \in J} r_{ij} x_{ij} \leq b_i \quad \text{for all } i \in I, \quad (2)$$

$$\sum_{i \in I} x_{ij} = 1 \quad \text{for all } j \in I \quad (3)$$

$$x_{ij} \in \{0,1\} \quad \text{for all } i \in I, j \in J \quad (4)$$

where  $I \equiv \{0,1,\dots,K\}$ ,  $J \equiv \{1,\dots,NT_q\}$ . It can be described as the problem of optimally assigning  $NT_q$  trips to  $K+1$  vehicles: if trip  $j$  is assigned to vehicle  $i$ , a cost  $c_{ij}$  is involved and amount  $r_{ij}$  of travel time is required for vehicle  $i$ ; each vehicle has a total amount  $b_i$  of available travel time. We will assume, without any loss of generality, that  $c$ ,  $r$  and  $b$  are positive integers. These positive integers can be defined for our purpose as follows:

$$r_{ij} = TD_{jq} \quad \text{for } i = 0, \dots, K, j = 1, \dots, NT_q$$

$$c_{ij} = \begin{cases} \bar{c}_{jq} & \text{for } i = 0; j = 1, \dots, NT_q \\ 0 & \text{otherwise} \end{cases}$$

$$b_i = \begin{cases} T & \text{for } i = 1, \dots, K \\ \text{a large number} & \text{for } i = 0 \text{ (hired vehicle)} \end{cases}$$

Let us first formulate (P2) as a maximization problem as proposed by Martello and Toth (1981): define any vector  $(t_j)$  of integer constants such that:

$$t_j > \max_{i \in I} \{c_{ij}\} \quad \text{for all } j \in J$$

and set

$$p_{ij} = t_j - c_{ij} \quad \text{for all } i \in I, j \in J;$$

from (1) we can write :

$$Z = \sum_{i \in I} \sum_{j \in J} (t_j - p_{ij}) x_{ij} =$$

$$\sum_{j \in J} t_j \sum_{i \in I} x_{ij} - \sum_{i \in I} \sum_{j \in J} p_{ij} x_{ij};$$

because of (3),

$$Z = t - \sum_{i \in I} \sum_{j \in J} p_{ij} x_{ij}$$

where  $t = \sum_{j \in J} t_j$ . (P2) can thus be formulated as the maximization problem.

$$\begin{aligned} & \text{maximize } W = \sum_{i \in I} \sum_{j \in J} p_{ij} x_{ij} & (5) \\ (P3) & \text{subject to : } & (2), (3), (4) \end{aligned}$$

where  $p_{ij}$  can be interpreted as the profit given by assigning trip  $j$  to vehicle  $i$ .

Martello and Toth propose a branch and bound algorithm where, at each node of the decision-tree, an upper bound is obtained by solving the relaxed problem (5), (2), (4); this relaxation would have no meaning in formulation (P2) since the removal of condition (3) would lead to a trivial problem (solution  $x_{i,j} = 0$  for all  $i \in I, j \in J$ ) with a useless lower bound of value 0; in (P3) we obtain a nontrivial problem whose solution can be obtained by solving  $K+1$  0-1 single Knapsack problems, one for each vehicle  $i \in I$ , of the form

$$\begin{aligned} & \text{maximize } u_i = \sum_{j \in J} p_{ij} x_{ij} \\ & \text{subject to : } \sum_{j \in J} r_{ij} x_{ij} \leq b_i \\ & \quad x_{ij} \in \{0,1\} \quad \text{for all } j \in J; \end{aligned}$$

the corresponding upper bound is

$$u = \sum_{i \in I} u_i.$$

Then, they use a branching strategy where  $K+1$  single Knapsack problems for the computation of the upper bound associated with the first node of the branch-decision tree, but only one single Knapsack problem for each of the other nodes according to the infeasibility type (a trip  $j$  is not assigned or assigned to more than one vehicle).

However, it is not necessary to apply all the steps of the above algorithm to our problem. Since taking  $t_j = \bar{c}_{jq} + 1$  ( $t_j = \max_{i \in I, j \in J} \{c_{ij}\} + 1$ ), (P3) constitutes a special structure.

$K$  single Knapsack problems are generated for vehicles 1 to  $K$  which are equal to each other and one single Knapsack problem is generated for vehicle 0 where all cost coefficients are equal to 1. Then, we use a simple procedure for this relaxed subproblem. The procedure is as follows:

- (i) solve a single Knapsack problem for vehicle 1;
- (ii) solve a single Knapsack problem for vehicle  $i$  while not considering the assigned trips to vehicles  $1, \dots, i-1$  in order to avoid assigning a trip to more than one vehicle: repeat this step for  $i = 2, \dots, K$ ;
- (iii) check if trip  $j$ ,  $j = 1, \dots, NT_q$ , is not assigned to vehicle  $i$ ,  $i = 1, \dots, K$ , then assign that trip to the hired vehicle (vehicle 0);

where the cost of hired vehicle is nearly minimized, satisfying vehicle travel time constraints. In this procedure,  $K$  single Knapsack problems are solved for each day of the planning horizon. Anyone of the existing routines for single Knapsack problem may be used to solve these problems.

In this study, a branch search algorithm is used which was proposed by Greenberg and Hegerich (1970).

A branch search algorithm for the knapsack problem:

Our branch search algorithm first finds an obvious integer solution to the following problem;

$$\begin{aligned}
 (\hat{P}1) \quad & \text{maximize} && \sum_{j=1}^{NT_q} v_j \bar{x}_j \\
 & \text{subject to :} && \sum_{j=1}^{NT_q} w_j \bar{x}_j \leq W
 \end{aligned}$$

$$\bar{x}_j \in \{0,1\} \quad j = 1, \dots, NT_q$$

where  $v_j = c_{ij}$ ,  $\bar{x}_j = x_{ij}$ ,  $w_j = r_{ij}$  and  $W = b_i$ ,  $j = 1, \dots, NT_q$  for a vehicle  $i$ . We also assume that indices have been arranged so that  $v_1/w_1 \geq v_2/w_2 \geq \dots \geq v_{NT_q}/w_{NT_q}$ . This solution is a lower bound to the optimal solution. We develop a branch of a tree and explore each part of the branch until the lower bound is reached or until a new feasible solution is found that represents a larger lower bound. We then backtrack and develop new branches of the tree with possibly larger lower bounds. Further branching is excluded when the lower bound is reached. The algorithm stops when all new branches are excluded. The lower bound solution is optimal. The only information that is stored is the current lower bound solution and the branch routine.

In this tree search procedure, the optimal fractional solution to

$$\text{maximize} \quad \sum_{j=1}^{NT_q} v_j \bar{x}_j$$

( $\hat{P}2$ )

$$\text{subject to : } \sum_{j=1}^{NT_q} w_j \bar{x}_j \leq W$$

$$\bar{x}_j \in \{0,1\} \quad j = 1, \dots, NT_q$$

with  $L$  assigned variables is given by

$$\bar{x}_j = 1 \quad \text{if } j < r, \quad j \neq R(K) (K = 1, \dots, L)$$

$$\bar{x}_j = 0 \quad \text{if } j > r, \quad j \neq R(K) (K = 1, \dots, L)$$

$$\bar{x}_{R(K)} = 0 \text{ or } 1 \quad (K = 1, \dots, L) \text{ depending on the assignment}$$

$$\bar{x}_r = (W - \sum_{j=1}^L w_{R(j)} \bar{x}_{R(j)} - \sum_{j \in M(L)} w_j) / w_r$$

$$Z(L+1) = \sum_{j=1}^L v_{R(j)} \bar{x}_{R(j)} + \sum_{j \in M(L)} v_j + v_r \bar{x}_r$$

where the  $M(L)$  is given by

$$M(L) = \{j | j < r, j \neq R(K), (K = 1, \dots, L)\}$$

and  $r$  is the least integer ( $0 \leq r \leq NT_q$ ) for which

$$\sum_{j \in M(L)} w_j + w_r \geq W - \sum_{j=1}^L w_{R(j)} \bar{x}_{R(j)}$$

If no  $r$  exists we have all  $\bar{x}_j = 1$  for  $j \neq R(K)$  ( $K = 1, \dots, L$ ).

A lower bound to the solution of ( $\hat{P}1$ ) is given by

$$x(L) = \sum_{j=1}^L v_{R(j)} \bar{x}_{R(j)} + \sum_{j \in M(L)} v_j.$$

The algorithm follows:

- 1) Set  $L = 1$
- 2) Solve  $(\hat{P}2)$ . If the solution is all integer we have the optimal solution. Stop. If not the solution is  $\bar{x}_1 = \bar{x}_2, \dots = \bar{x}_{r-1} = 1$  and  $\bar{x}_r$  is fractional. We calculate  $x_0 = \sum_{j < r} v_j$  and store the solution as a lower bound.  
Set  $R(1) = r$  and  $\bar{x}_r = 0$ .
- 3) a. Solve  $(\hat{P}2)$  with the  $L$  assigned variables added as constraints. If  $Z(L+1) \leq x_0$  go to 4. If  $Z(L+1) > x_0$  and we have an integer solution, take  $x_0 = Z(L+1)$ , form a new solution and go to 4. If  $Z(L+1) > x_0$  and we do not have an integer solution, go to 3.b.
  - b. If  $x(L) > x_0$ , take  $x_0 = x(L)$  and form a new solution set. In any case, set  $L = L+1$ , take  $R(L) = r$  and  $\bar{x}_r = 0$ . Go to 3.a.
- 4) a. If  $\bar{x}_{R(L)}$  is equal to zero, change it to one and go to 3.a. If it is equal to one go to 4.b.
  - b. If  $L = 1$ , the stored solution is optimal. Stop. If  $L \neq 1$  use variable  $R(L)$  as an unassigned one, set  $L = L-1$  and go to 4.a.

### 3.4 Assignment Subproblem

In this step first marginal delivery cost,  $CK \times t_{ikq}$ , of serving node  $i$  by vehicle  $K$  on day  $q$  is generated for  $i = 2, \dots, N$ ;  $k = 1, \dots, K$ ,  $q = 1, \dots, Q$ , based on the existing route structure. This is done in the following way:

Let

- $R_{kq}$  : set of trips contained on route  $K$ , on day  $q$ ;  
 $k = 1, \dots, K$ ;  $q = 1, \dots, Q$ .
- $N_{jq}$  : set of nodes served by trip  $j$  on day  $q$ ;  
 $j = 1, \dots, NT_q$ ;  $q = 1, \dots, Q$ .
- $CV(N_{jq})$  : set of nodes on the boundary of the convex hull of  $N_{jq}$

Then

for

- $i \in N$ ;  $i \notin CV(N_{jq})$   
 $j = 1, \dots, NT_q$ ;  $q = 1, \dots, Q$

- $i \in N$ ;  $i \in CV(N_{j_1, q_1})$  for  
 some  $j_1 \in R_{k_1, q_1}$

- $i \in N$ ;  $i \in CV(N_{j_1, q_1})$  for  
 some  $j_1 \in R_{k_1, q_1}$

Define

- $t_{ikq}$  = smallest insertion time  
 between node  $i$  and  $CV(N_{jq})$  (1)  
 over all  $j \in R_{kq}$   $k = 1, \dots, K$ ;  
 $q = 1, \dots, Q$ .

- $t_{ikq}$  = smallest insertion time  
 between node  $i$  and  $CV(N_{jq})$  (2)  
 over all  $j \in R_{kq}$   $q = 1, \dots, Q$ ;  
 $k = 1, \dots, K$   
 excluding  $q = q_1, k = k_1$ .

- $t_{ik_1q_1}$  = smallest insertion time  
 between node  $i$  and  $CV(N_{j_1, q_1})$  over  
 all  $j \in R_{k_1q_1}$ , getting a (3)  
 new  $CV(N_{j_1, q_1})$  by excluding  
 node  $i$ .

The term "insertion time" between node  $i$  and  $CV(N_{jq})$  refers to the minimum additional travel time necessary to insert node  $i$  into the circuit formed by the nodes in  $CV(N_{jq})$ . The insertion time between a node which is on the boundary of a convex hull and the route whose includes that node has to be adjusted. Because these values will be used in the generation of new sets of nodes for the next iteration and we do not want a lot of changes on the boundary of that convex hull. This can be done by using a multiplier for condition (3). This multiplier will be analyzed in section 4.

The following example illustrates the determination of  $t_{ikq}$  for the nodes and routes given in Figure 3.3 (Q assumed to be unity).

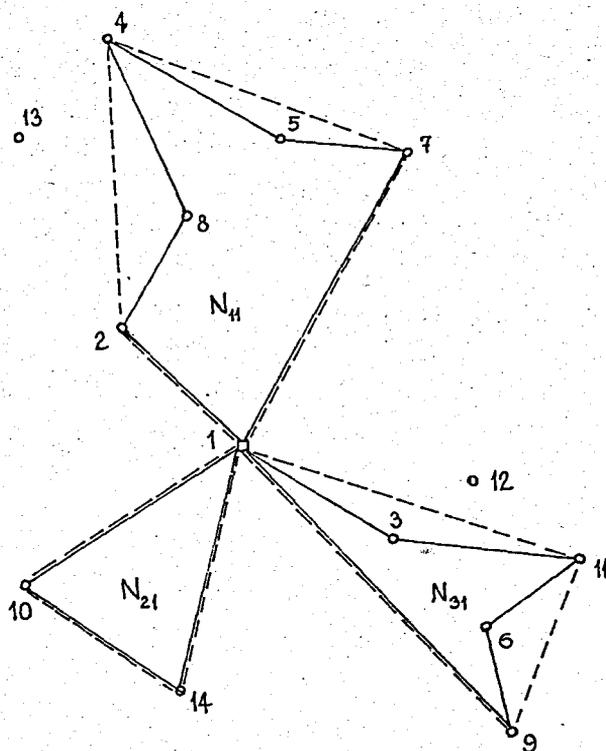


Figure 3.3 Example for the determination of insertion times

In the above example, there are three trips. Let us pack these trips into two routes. Assume trips 1 and 2 are assigned to vehicle 1 and trip 3 is assigned to vehicle 2. Then, the sets can be determined as follows:

$$R_{11} = \{1,2\} \quad \text{and} \quad R_{21} = \{3\}$$

$$N_{11} = \{2,8,4,5,7\} \quad , \quad N_{21} = \{10,14\} \quad \text{and} \quad N_{31} = \{3,11,6,9\}$$

$$CV(N_{11}) = \{1,2,4,7\} \quad , \quad CV(N_{21}) = \{1,10,14\} \quad \text{and}$$

$$CV(N_{31}) = \{1,11,9\}.$$

Using these sets, the determination of  $t_{ikq}$ , which will be used for generating marginal delivery costs, is done in the following way :

For condition (1), take demand nodes 5, 13, 12 :

$$t_{511} = d_{45} + d_{57} - d_{47}$$

$$t_{521} = d_{15} + d_{5,11} - d_{1,11}$$

$$t_{13,1,1} = d_{2,13} + d_{13,4} - d_{24}$$

$$t_{13,2,1} = d_{1,13} + d_{13,11} - d_{1,11}$$

$$t_{12,1,1} = d_{1,12} + d_{12,7} - d_{1,7}$$

$$t_{12,2,1} = d_{1,12} + d_{12,11} - d_{1,11}$$

For condition (2), take demand nodes 4, 11;

$4 \in CV(N_{11})$  where  $1 \in R_{11}$ , then exclude  $k = 1$

$$t_{421} = d_{14} + d_{411} - d_{1,11}$$

$11 \in CV(N_{31})$  where  $3 \in R_{21}$ , then exclude  $K = 2$

$$t_{11,1,1} = d_{1,11} + d_{11,7} - d_{1,7}$$

For condition (3), take demand nodes 4,11;

new  $CV(N_{11}) = \{1,2,8,5,7\}$  after excluding node 4,

new  $CV(N_{31}) = \{1,3,6,9\}$  after excluding node 11.

Then,

$$t_{411} = (d_{84} + d_{45} - d_{85}) \times m$$

$$t_{11,2,1} = (d_{3,11} + d_{11,6} - d_{36}) \times m$$

where  $m$  is a multiplier.

Now it is possible to treat the delivery costs as independent of each other. Then, variables  $x_{ikq}$ ,  $x_{ioq}$   $i = 2, \dots, N$ ,  $k = 1, \dots, K$ ,  $q = 1, \dots, Q$  are defined for the last subproblem in the following way:

$$x_{ikq} = \begin{cases} 1 & \text{if node } i \text{ is serviced by vehicle } k \text{ on day } q \\ 0 & \text{otherwise} \end{cases}$$

$$x_{ioq} = \begin{cases} 1 & \text{if node } i \text{ is not serviced on or before day } Q \\ 0 & \text{otherwise} \end{cases}$$

and all costs involved in the problem are expressed in terms of these variables as :

$$\text{Total Delivery Costs : } \sum_{k=1}^K \sum_{i=2}^N \sum_{q=1}^Q CK t_{ikq} x_{ikq}$$

where  $CK$  is the operating cost per unit time of each vehicle

$t_{ikq}$  is the incremental time necessary to visit node  $i$  on route  $k$  in day  $q$ ,  $i = 2, \dots, N$ ;  $k = 1, \dots, K$ ;  $q = 1, \dots, Q$ .

Total Stockout Costs:

$$\sum_{q=1}^Q \sum_{i=2}^N [SL_i p \{ \sum_{r=t_i}^{q-1} \epsilon_r^i > SC_i \mid \sum_{r=t_i}^0 \epsilon_r^i \leq SC_i \}] [ \sum_{k=1}^K x_{ik} ]$$

$$+ \sum_{i=2}^N [SL_i p \{ \sum_{r=t_i}^0 \epsilon_r^i > SC_i \mid \sum_{r=t_i}^0 \epsilon_r^i \leq SC_i \}] [ x_{i0} Q ]$$

where  $SL_i$  is the cost of a stockout at node  $i$  on any given day.

$SC_i$  is the storage capacity of node  $i$ ;

$p \{ \sum_{r=t_i}^{q-1} \epsilon_r^i > SC_i \mid \sum_{r=t_i}^0 \epsilon_r^i \leq SC_i \}$  is the probability

of a stockout during the planning horizon given a delivery on day  $q$ , which is defined as  $P_{iq}$  in 3.1.

At this stage, a penalty cost for exceeding the vehicle travel time constraint is taken into consideration. Because vehicle travel time constraints may be violated, if the assignment problem is based on stockout and delivery costs only. Also, an increase in the cost of additional hired vehicle

can be incurred. We want to discourage or encourage the assignment of demand nodes to a vehicle  $k$  in day  $q$  according to its total travel time. In our problem, vehicle travel time constraints are same for all vehicles. Then, the total travel time for a vehicle  $k$  in day  $q$ , which is generated in the routing subproblem, may be used to reflect the penalty cost associated with (timewise) overloading vehicle  $k$  in day  $q$ . Also, a multiplier, which will be analyzed in Section 4, is necessary for these penalty cost.

Total Penalty Costs :

$$\sum_{k=1}^K \sum_{q=1}^Q n v_{kq} \left( \sum_{i=2}^N t_{ikq} x_{ikq} - T \right)$$

where  $v_{kq}$  is the penalty costs of exceeding the time constraint on vehicle  $k$  in day  $q$ ;  
 $n$  is a multiplier;  
 $T$  is maximum length of any route on any day.

Finally, based on the above costs, the assignment subproblem, problem P4 below, is constructed. This is the subproblem that determines whether a node will be serviced during the planning horizon and if so, on what day and by which vehicle:

$$\begin{aligned} \min \quad & \sum_{k=1}^K \sum_{i=2}^N \sum_{q=1}^Q c_k \cdot t_{ikq} \cdot x_{ikq} + \sum_{k=1}^K \sum_{q=1}^Q n \cdot v_{kq} \left( \sum_{i=2}^N t_{ikq} x_{ikq} - T \right) \\ (P4) \quad & + \sum_{i=2}^N SL_i \left| \sum_{q=1}^Q p_{iq} \sum_{k=1}^K x_{ikq} + p_{i,Q+1} x_{ioq} \right| \\ \text{subject to :} \quad & \sum_{k=1}^K \sum_{q=1}^Q x_{ikq} + x_{ioq} = 1 \quad i = 2, \dots, N \end{aligned}$$

$$x_{ikq} = 0,1 \quad i = 2, \dots, N ; \quad k = 1, \dots, K ; \quad q = 1, \dots, Q$$

$$x_{ioq} = 0,1 \quad i = 2, \dots, N.$$

The above problem is equivalent to :

$$\begin{aligned} \min \sum_{i=2}^N \left[ \sum_{k=1}^K \sum_{q=1}^Q (CK + n v_{kq}) t_{ikq} + SL_i p_{iq} \right] x_{ikq} \\ + SL_i p_{i,Q+1} x_{ioQ} \end{aligned}$$

(P4)

$$\text{subject to :} \quad \sum_{k=1}^K \sum_{q=1}^Q x_{ikq} + x_{ioQ} = 1 \quad i = 2, \dots, N$$

$$x_{ikq} = 0,1 \quad i = 2, \dots, N ; \quad k = 1, \dots, K ; \quad q = 1, \dots, Q$$

$$x_{ioQ} = 0,1 \quad i = 2, \dots, N$$

Defining

$$\bar{c}_{ikq} \equiv (CK + n v_{kq}) t_{ikq} + SL_i p_{iq}$$

$$\bar{c}_{ioQ} \equiv SL_i p_{i,Q+1}$$

Problem (P4) becomes :

$$\min \sum_{i=2}^N \left[ \sum_{k=1}^K \sum_{q=1}^Q \bar{c}_{ikq} x_{ikq} + \bar{c}_{ioQ} x_{ioQ} \right]$$

(P4)

$$\text{subject to :} \quad \sum_{k=1}^K \sum_{q=1}^Q x_{ikq} + x_{ioQ} = 1 \quad i = 2, \dots, N$$

$$x_{ikq} = 0,1 \quad i = 2, \dots, N ; \quad k = 1, \dots, K ; \quad q = 1, \dots, Q$$

$$x_{ioQ} = 0,1 \quad i = 2, \dots, N$$

Furthermore, it is possible to decompose the above problem into  $N-1$  trivial problems as:

For  $i = 2, \dots, N$  solve

$$\begin{aligned}
 & \min \sum_{k=1}^K \sum_{q=1}^Q \bar{c}_{ikq} x_{ikq} + \bar{c}_{ioQ} x_{ioQ} \\
 (\hat{P}4) \quad & \text{subject to : } \sum_{k=1}^K \sum_{q=1}^Q x_{ikq} + x_{ioQ} = 1 \\
 & x_{ikq} = 0, 1 \quad k = 1, \dots, K ; \quad q = 1, \dots, Q \\
 & x_{ioQ} = 0, 1
 \end{aligned}$$

In which case determination of an optimal solution becomes very simple:

(i) For each  $i=2, \dots, N$ , determine  $k^*$ ,  $q^*$  such that

$$\bar{c}_{ik^*q^*} = \min (\bar{c}_{ikq}) \quad \text{over } k=0, \dots, K \\
 q = 1, \dots, Q$$

(ii) set  $x_{ik^*q^*} = 1$

$$x_{ikq} = 0 \quad k = 0, \dots, K ; \quad q = 1, \dots, Q \quad (k, q) \neq (k^*, q^*)$$

Note that parameters  $\bar{c}_{ikq}$  used in the above problem are only approximations to the actual marginal delivery costs. Real marginal delivery costs are dependent on the current set of trips and not the previous set. However, basing the approximations on the convex hull of the previous trips, rather than the trips themselves is hoped to be a compensating factor; while the actual trips may change considerably from one iteration to the next, their general structures and orientations should not change as much, and convex hull is usually a good proxy for general structure and orientation.

### 3.5 The Algorithm

Initial step : For every  $i = 2, \dots, N$ ,  $q = 1, \dots, Q$  generate estimations for  $e_i$ ,  $P_{iq}$ . Initialize the sets  $V_q$ ,  $q = 1, \dots, Q$  in the following manner: Starting with  $q = 1$  and incrementing up to  $q = Q$ , execute the following

for every  $i = 2, \dots, N$ , not already assigned to a set, assign  $i$  to  $V_q$  if

$$SL_i P_{iq} > \bar{s}$$

where  $\bar{s}$  is a predetermined constant.

- Step 1 : Using a modified Clarke-Wright algorithm, generate a set of minimum cost trips on the set  $V_q$ , while satisfying the vehicle capacity constraints, for every  $q = 1, \dots, Q$ .
- Step 2 : Using the generalized assignment formulation, pack the generate trips into  $K$  vehicle routes while satisfying travel time constraints and minimizing the use of hired vehicles, for every  $q = 1, \dots, Q$ .  
If the solution obtained is satisfactory, stop; otherwise go to step 3.
- Step 3 : Update marginal operating costs using the routes generated in Step 2 and penalty costs found by vehicle travel time. Update sets  $V_q$ ,  $q = 1, \dots, Q$  by using the decision rules developed for problem ( $\hat{P}4$ ).  
If there is no change in  $V_q$ ,  $q = 1, \dots, Q$ , stop; otherwise go to step 1.

#### IV. A NUMERICAL EXAMPLE AND COMPUTATIONAL RESULTS

The heuristic algorithm of Section 3 was implemented in FORTRAN IV. The program consists of a fortran deck of about 1000 cards, including 7 subroutines. The size of the computer needed depends on the number of nodes being considered. Present dimensions allow for as many as 100 nodes and 10 days. (Appendix I gives the list of computer program, Appendix II gives the input data file.)

A numerical example, which is generated randomly, is solved through the algorithm presented in this study by using the above computer program. In this computational experiment, the multipliers  $m$  and  $n$ , which are defined in section 3.4, are analyzed with this numerical example. It is as follows:

Let  $N = 50$ ,  $K = 2$ ,  $VC = 265$ ,  $CK = 10$ ,  $HK = 0,25$ ,  
 $R = E[\xi_q] = 20$  and  $\sigma^2 = \text{VAR}[\xi_q] = 3$  (suppose the daily requirements of each demand node in day  $q$  have the same probability distribution). Let the planning horizon be 3

3 delivery periods (3 days). Table 4.1 gives the x and y coordinates, storage capacity, stockout cost and the date of last delivery for each node.

The computer program first generates the sets of seed needs ( $\bar{s} = 500$ , one set for each day). We use normal distribution table, Appendix III gives the available stockout probabilities.

$$V_1 = \{1, 2, 3, 4, 5, 8, 11, 12, 13, 15, 16, 20, 22, 24, 25, 27, 28, 32, 33, 39, 40, 41, 42, 43, 45, 48\}$$

$$V_2 = \{1, 6, 7, 9, 10, 14, 18, 19, 26, 37, 44, 47, 49, 50\}$$

$$V_3 = \{1, 17, 23, 30, 31, 35, 38, 46\}$$

Notice that demand nodes 21, 29, 34 and 36 are not assigned to any day.

Then, routing subproblem generates minimum cost trips for each set of nodes while satisfying vehicle capacity constraints. Table 4.2 gives the number of trips generated for each day, the total distance (instead of total duration) and the expected total amount delivered for each trip. Also Figure 4.1, 4.2 and 4.3 show the positions of nodes and the network, which are formed by the trips generated in this subproblem, for the first, second, and the third day respectively.

Now, the  $NT_q$  trips generated in the routing subproblem are packed into two routes satisfying vehicle travel time constraints. We express the vehicle travel time constraints

Table 4.1

|                     | X-COORD. | Y-COORD. | STORAGE<br>CAPACITY | LAST<br>DELIVERY | ST-GUY<br>COST |
|---------------------|----------|----------|---------------------|------------------|----------------|
|                     | -----    | -----    | -----               | -----            | -----          |
| SUPPLY PCINT : 1 *  | 85.      | 90.      | 9999.9              | 0.               | 0.             |
| DEMAND PCINTS ; 2 * | 2.       | 0.       | 18.                 | 1.               | 1000.          |
| 3 *                 | 1.       | 8.       | 38.                 | 2.               | 1050.          |
| 4 *                 | 7.       | 4.       | 56.                 | 2.               | 900.           |
| 5 *                 | 0.       | 15.      | 45.                 | 1.               | 1000.          |
| 6 *                 | 15.      | 15.      | 34.                 | 3.               | 700.           |
| 7 *                 | 20.      | 4.       | 29.                 | 3.               | 870.           |
| 8 *                 | 28.      | 34.      | 45.                 | 2.               | 950.           |
| 9 *                 | 17.      | 40.      | 50.                 | 1.               | 560.           |
| 10 *                | 57.      | 0.       | 39.                 | 3.               | 780.           |
| 11 *                | 34.      | 68.      | 45.                 | 1.               | 900.           |
| 12 *                | 89.      | 34.      | 45.                 | 3.               | 1100.          |
| 13 *                | 90.      | 100.     | 67.                 | 2.               | 1200.          |
| 14 *                | 85.      | 86.      | 78.                 | 2.               | 590.           |
| 15 *                | 75.      | 39.      | 67.                 | 3.               | 830.           |
| 16 *                | 23.      | 89.      | 69.                 | 2.               | 1000.          |
| 17 *                | 101.     | 57.      | 89.                 | 1.               | 1250.          |
| 18 *                | 155.     | 120.     | 89.                 | 2.               | 1160.          |
| 19 *                | 123.     | 153.     | 86.                 | 2.               | 950.           |
| 20 *                | 167.     | 187.     | 32.                 | 2.               | 1090.          |
| 21 *                | 182.     | 198.     | 89.                 | 1.               | 880.           |
| 22 *                | 104.     | 187.     | 45.                 | 1.               | 990.           |
| 23 *                | 108.     | 119.     | 65.                 | 1.               | 560.           |
| 24 *                | 114.     | 134.     | 44.                 | 2.               | 700.           |
| 25 *                | 128.     | 138.     | 47.                 | 2.               | 900.           |
| 26 *                | 138.     | 183.     | 63.                 | 1.               | 980.           |
| 27 *                | 105.     | 172.     | 41.                 | 2.               | 1000.          |
| 28 *                | 60.      | 140.     | 28.                 | 1.               | 850.           |
| 29 *                | 173.     | 172.     | 71.                 | 2.               | 500.           |
| 30 *                | 104.     | 187.     | 84.                 | 1.               | 1500.          |
| 31 *                | 147.     | 65.      | 97.                 | 2.               | 1000.          |
| 32 *                | 56.      | 196.     | 38.                 | 2.               | 600.           |
| 33 *                | 76.      | 187.     | 87.                 | 3.               | 900.           |
| 34 *                | 195.     | 95.      | 96.                 | 1.               | 1080.          |
| 35 *                | 160.     | 20.      | 67.                 | 1.               | 770.           |
| 36 *                | 189.     | 1.       | 86.                 | 1.               | 890.           |
| 37 *                | 176.     | 43.      | 87.                 | 2.               | 1000.          |
| 38 *                | 18.      | 145.     | 67.                 | 1.               | 900.           |
| 39 *                | 29.      | 178.     | 40.                 | 2.               | 780.           |
| 40 *                | 65.      | 156.     | 45.                 | 3.               | 560.           |
| 41 *                | 89.      | 132.     | 31.                 | 1.               | 1000.          |
| 42 *                | 100.     | 99.      | 33.                 | 1.               | 600.           |
| 43 *                | 98.      | 109.     | 63.                 | 2.               | 750.           |
| 44 *                | 111.     | 11.      | 56.                 | 1.               | 1200.          |
| 45 *                | 122.     | 67.      | 63.                 | 2.               | 970.           |
| 46 *                | 47.      | 198.     | 78.                 | 1.               | 900.           |
| 47 *                | 109.     | 187.     | 87.                 | 2.               | 1300.          |
| 48 *                | 130.     | 50.      | 53.                 | 2.               | 540.           |
| 49 *                | 38.      | 109.     | 80.                 | 2.               | 2000.          |
| 50 *                | 89.      | 65.      | 67.                 | 1.               | 1800.          |

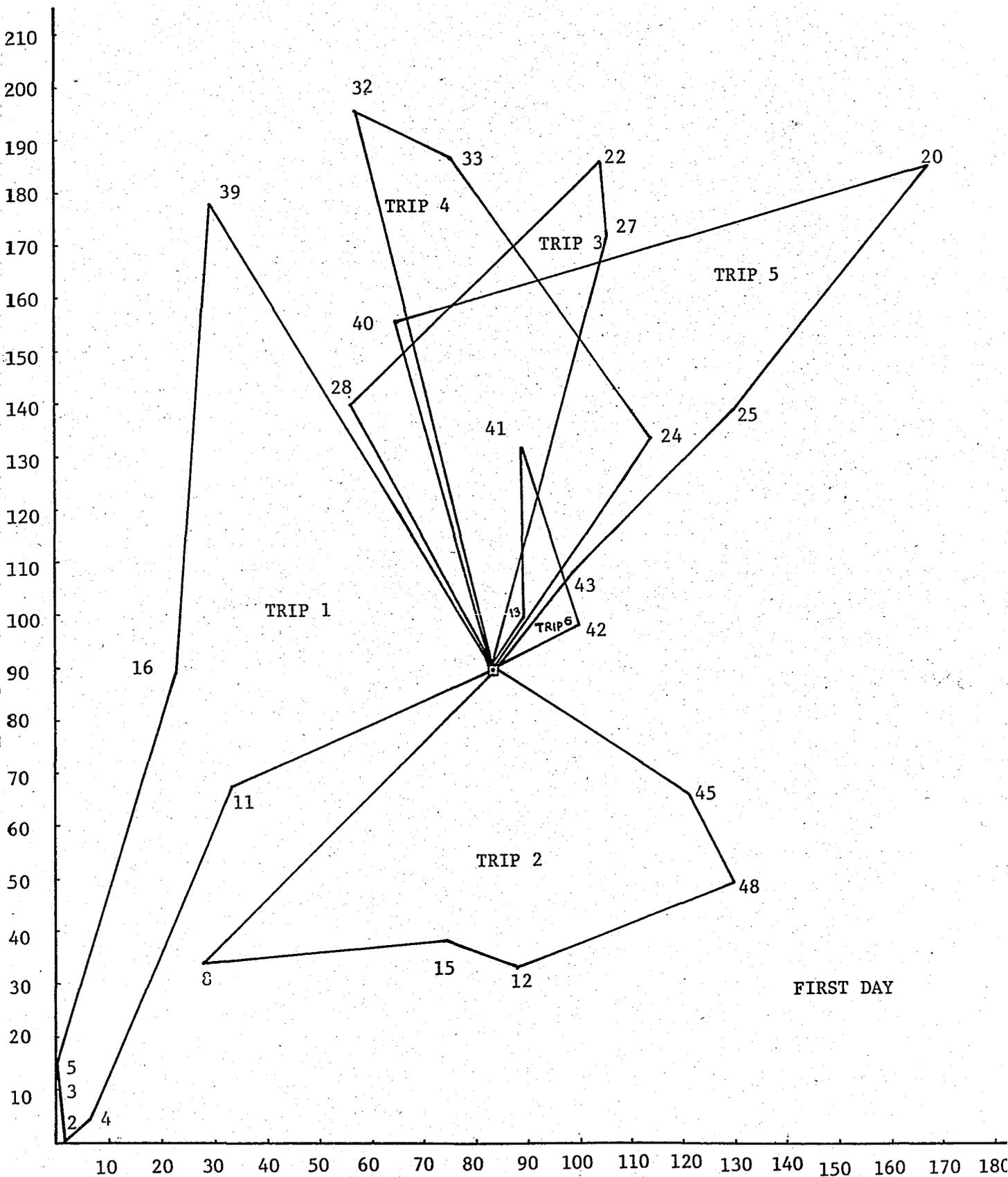


Figure 4.1

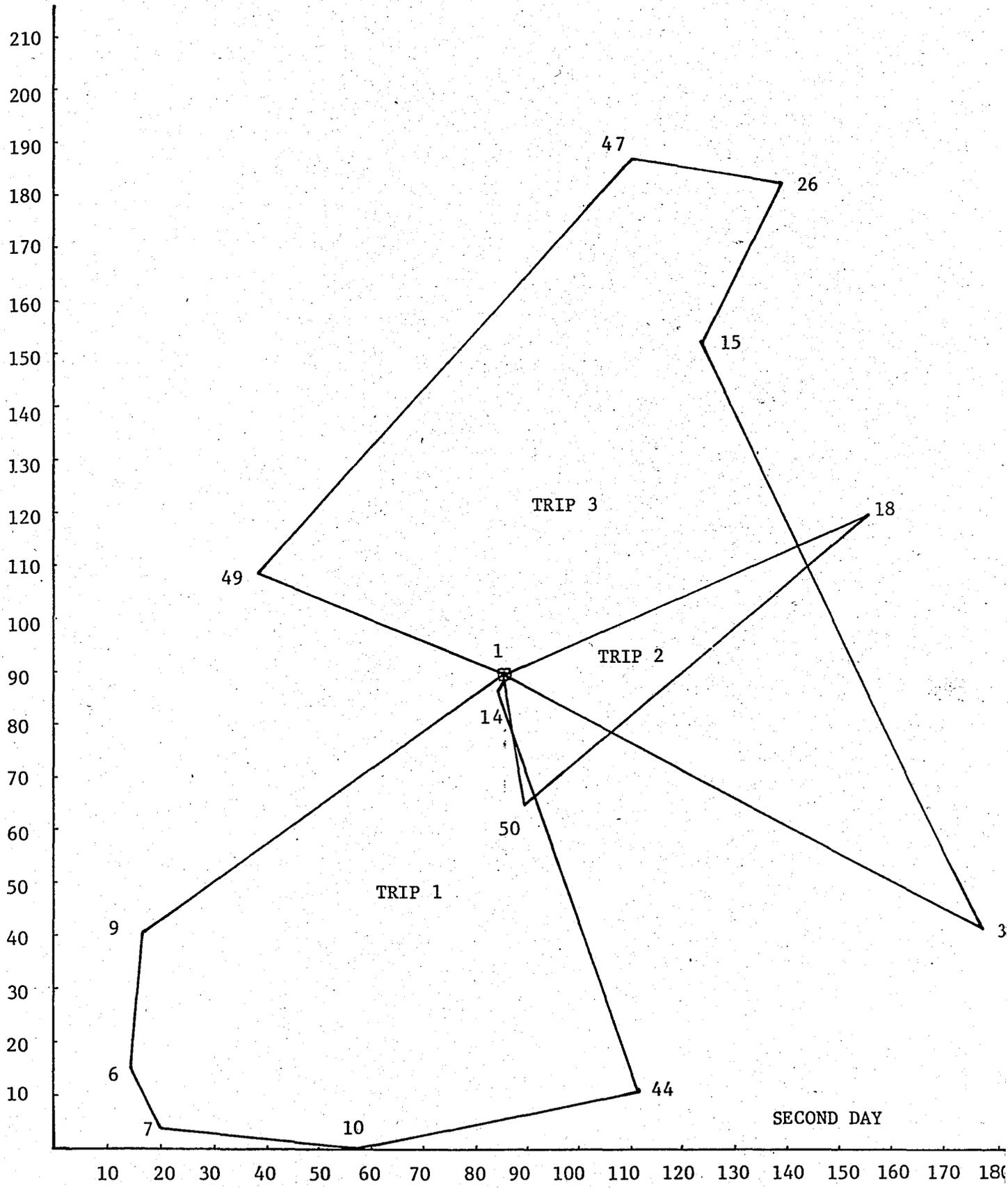


Figure 4.2

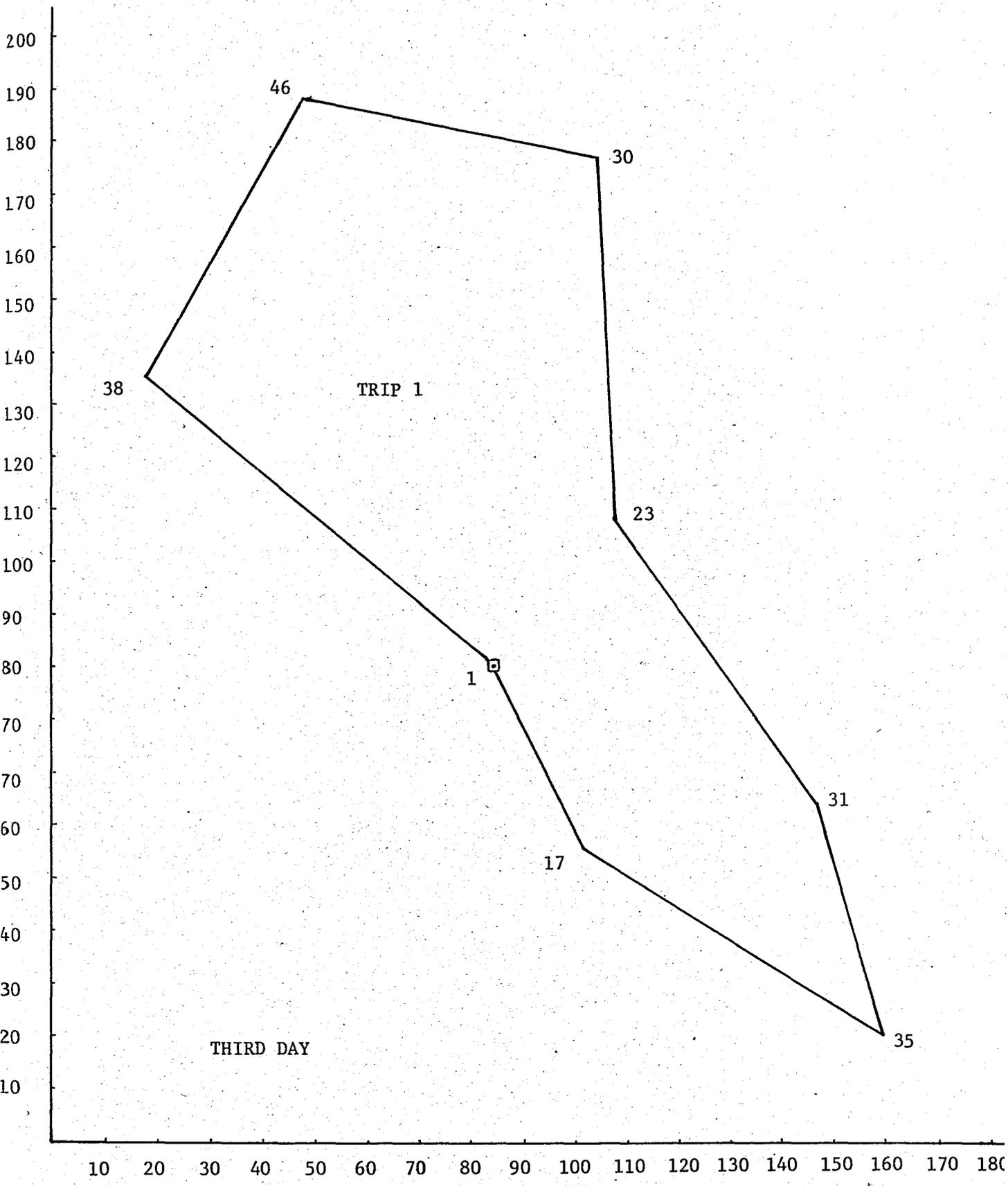


Figure 4.3

in terms of the unit of length, which is also used in the total distance values.

Table 4.2

 $q = 1, 2, 3 \quad j = 1, \dots, NT_q$ 

| q | $NT_q$ | j | $TD_{jq}$ | $TA_{jq}$ |
|---|--------|---|-----------|-----------|
| 1 | 6      | 1 | 417.54    | 263       |
|   |        | 2 | 248.40    | 228       |
|   |        | 3 | 219.72    | 225       |
|   |        | 4 | 249.74    | 253       |
|   |        | 5 | 302.94    | 245       |
|   |        | 6 | 95.47     | 160       |
| 2 | 3      | 1 | 297.27    | 236       |
|   |        | 2 | 187.39    | 107       |
|   |        | 3 | 443.51    | 246       |
| 3 | 1      | 1 | 493.03    | 265       |

Let  $T = 700$ . Then, Table 4.3 gives the results of the packing subproblem.

Table 4.3

| q | Trip number |           |
|---|-------------|-----------|
|   | Vehicle 1   | Vehicle 2 |
| 1 | 1,4         | 2,5,6     |
| 2 | 2,3         | 1         |
| 3 | 1           | -         |

Trip 3 uses additional hired vehicle in day 1.

At this stage, the costs which are defined in section 2.1 can be calculated. These costs are as follows:

|                       |   |         |
|-----------------------|---|---------|
| Total Delivery Cost   | : | 29550.3 |
| Total Stockout Cost   | : | 40301.7 |
| Cost of Hired Vehicle | : | 12359.3 |
| Total Cost            | : | 82211.3 |

Note that, 45 nodes are served in the first iteration. These costs do not change for different values of  $m, n$ . Because  $m$  and  $n$  do not have an effect until this stage.

Then, assignment subproblem generates new sets of nodes which will be used in the second iteration. The multipliers  $m$ , and  $n$  are used in this subproblem. This means, the related costs change according to the values of  $m$  and  $n$ . Table 4.4 gives the changes in the cost values for some values of  $n$  taking  $m = 1$ . For small values of  $n$ , the use of hired vehicle is encouraged. For example, when  $n$  is equal to 0.005, the cost of additional hired vehicles is present at each iteration. As we increase the value of  $n$ , hired vehicle usage ends. Therefore, the cost of additional hired vehicle can be nearly minimized by adjusting the value of  $n$ .

Table 4.5 gives the changes in the cost values for some values of  $m$  using two different values of  $n$ . It is seen that increasing the value of  $m$  does not change the results very much. Also, some total cost values are same for different values of  $m$ . Then, taking  $m = 1$  is satisfactory in most cases for our purpose. But, if it is desired, total cost may be

| Iteration | m | n    | No of served nodes |   |   |          | Delivery Cost | Stockout Cost | Cost of Hired Vehicle | Total Cost |
|-----------|---|------|--------------------|---|---|----------|---------------|---------------|-----------------------|------------|
|           |   |      | 1                  | 2 | 3 | $\Sigma$ |               |               |                       |            |
| 2         | 1 | .005 | 25                 | 6 | - | 31       | 20452.0       | 24074.0       | 16990.9               | 61516.9    |
| 3         |   |      | 25                 | 6 | - | 31       | 19677.2       | 23236.3       | 22120.3               | 65033.8    |
| 4         |   |      | 24                 | 6 | - | 30       | 22348.1       | 23498.4       | 25504.2               | 71350.7    |
| 5         |   |      | 25                 | 5 | - | 30       | 18259.8       | 24116.0       | 8522.2                | 50898.0    |
| 2         | 1 | .1   | 16                 | 5 | 1 | 22       | 14511.9       | 30198.7       | -                     | 44710.6    |
| 3         |   |      | 12                 | 3 | - | 15       | 7712.3        | 33656.7       | -                     | 41369.0    |
| 4         |   |      | 18                 | - | - | 18       | 13631.0       | 30658.3       | -                     | 44289.3    |
| 5         |   |      | 13                 | - | - | 13       | 7155.7        | 34210.2       | -                     | 41365.9    |
| 2         | 1 | .25  | 10                 | 7 | 1 | 18       | 12076.9       | 33822.9       | -                     | 45899.8    |
| 3         |   |      | 12                 | 4 | - | 16       | 8619.4        | 32414.4       | -                     | 41033.8    |
| 4         |   |      | 13                 | 2 | - | 15       | 11148.4       | 32114.2       | -                     | 43262.6    |
| 5         |   |      | 9                  | 3 | - | 12       | 8116.7        | 35611.9       | -                     | 43728.6    |
| 2         | 1 | .5   | 10                 | 7 | 1 | 18       | 12076.9       | 33822.9       | -                     | 45899.8    |
| 3         |   |      | 11                 | 3 | - | 14       | 10205.0       | 32154.5       | -                     | 42359.5    |
| 4         |   |      | 8                  | 3 | - | 11       | 7631.1        | 36143.6       | -                     | 43774.7    |
| 5         |   |      | 14                 | 1 | - | 15       | 11410.9       | 32114.2       | -                     | 43525.1    |
| 2         | 1 | 1    | 7                  | 7 | 1 | 15       | 10682         | 36870.2       | -                     | 47552.2    |
| 3         |   |      | 12                 | 1 | 1 | 14       | 11809.6       | 33109.7       | -                     | 44919.3    |
| 4         |   |      | 4                  | 4 | 1 | 9        | 7400.2        | 38043.4       | -                     | 45443.6    |
| 5         |   |      | 13                 | 1 | 1 | 15       | 13125.3       | 33069.4       | -                     | 46194.7    |

Table 4.4

| Iteration | m   | n   | No of served Nodes |   |   |          | Delivery Cost | Stockout Cost | Cost of Hired Vehicle | Total Cost |
|-----------|-----|-----|--------------------|---|---|----------|---------------|---------------|-----------------------|------------|
|           |     |     | 1                  | 2 | 3 | $\Sigma$ |               |               |                       |            |
| 2         | 1.5 | .1  | 16                 | 5 | 1 | 22       | 14511.9       | 30198.7       | -                     | 44710.6    |
| 3         |     |     | 12                 | 3 | - | 15       | 7712.3        | 33656.7       | -                     | 41369.0    |
| 4         |     |     | 18                 | - | - | 18       | 13631.0       | 30658.3       | -                     | 44289.3    |
| 5         |     |     | 12                 | - | - | 12       | 7669.0        | 35160.2       | -                     | 42829.2    |
| 2         | 2   | .1  | 15                 | 5 | 1 | 21       | 13472.4       | 30460.8       | -                     | 43933.2    |
| 3         |     |     | 10                 | 5 | - | 15       | 9948.1        | 35353.8       | -                     | 45301.9    |
| 4         |     |     | 15                 | 2 | - | 17       | 11209.4       | 31550.4       | -                     | 42759.8    |
| 5         |     |     | 10                 | 3 | - | 13       | 7464.6        | 34495.6       | -                     | 41960.2    |
| 2         | 3   | .1  | 15                 | 5 | 1 | 21       | 13472.4       | 30460.8       | -                     | 43933.2    |
| 3         |     |     | 10                 | 5 | - | 15       | 9948.1        | 35353.8       | -                     | 45301.9    |
| 4         |     |     | 16                 | 1 | - | 17       | 13212.2       | 31550.4       | -                     | 44762.6    |
| 5         |     |     | 12                 | 1 | - | 13       | 7719.5        | 33461.8       | -                     | 41181.3    |
| 2         | 1.5 | .25 | 10                 | 7 | 1 | 18       | 12076.9       | 33822.9       | -                     | 45899.8    |
| 3         |     |     | 13                 | 3 | - | 16       | 10449.9       | 31646.1       | -                     | 42096.0    |
| 4         |     |     | 8                  | 3 | - | 11       | 7697.3        | 36561.9       | -                     | 44259.2    |
| 5         |     |     | 13                 | 2 | - | 15       | 9464.5        | 32726.3       | -                     | 42190.8    |
| 2         | 2   | .25 | 10                 | 7 | 1 | 18       | 12076.9       | 33822.9       | -                     | 45899.8    |
| 3         |     |     | 13                 | 3 | - | 16       | 10449.9       | 31646.1       | -                     | 42096.0    |
| 4         |     |     | 8                  | 3 | - | 11       | 7697.3        | 36561.9       | -                     | 44259.2    |
| 5         |     |     | 13                 | 2 | - | 15       | 9464.5        | 32726.3       | -                     | 42190.8    |

Table 4.5

minimized by adjusting the value of  $m$  after deciding a value for  $n$ .

Additional runs are done in order to see the effects of the multipliers when some cost coefficients are changed. We take  $m = 1$  and multiply all the stockout cost coefficients by the same constant. Table 4.6 gives the results of this experiment. If we multiply the coefficients by two,  $n = 0.1$  is satisfactory for our purpose. But, as we continue to increase these coefficients, we need to increase the value of  $n$  in order to discourage the use of additional hired vehicle. Therefore, by adjusting the values of  $m$  and  $n$ , a near optimal solution for the inventory routing problems can be obtained using the proposed heuristic solution procedure.

$$m = 1$$

| Iteration | S0         | No of served nodes |    |   |          | Delivery Cost | Stockout Cost | Cost of Hired Vehicle | Total Cost |
|-----------|------------|--------------------|----|---|----------|---------------|---------------|-----------------------|------------|
|           |            | 1                  | 2  | 3 | $\Sigma$ |               |               |                       |            |
| 1         | n=.1<br>2  | 25                 | 13 | 7 | 45       | 29550.3       | 80603.3       | 12359.3               | 122512.9   |
| 2         |            | 19                 | 6  | - | 25       | 16057.9       | 55024.7       | -                     | 71082.6    |
| 3         |            | 14                 | 8  | - | 22       | 14891.0       | 57955.1       | -                     | 72846.1    |
| 4         |            | 17                 | 5  | - | 22       | 16115.8       | 56846.3       | 6380.0                | 79342.1    |
| 5         |            | 17                 | 8  | - | 25       | 18024.3       | 53312.1       | -                     | 71336.4    |
| 1         | n=.05<br>2 | 25                 | 13 | 7 | 45       | 80603.3       | 80603.3       | 12359.3               | 122512.9   |
| 2         |            | 23                 | 6  | - | 29       | 50879.5       | 50879.5       | 22072.6               | 94405.1    |
| 3         |            | 20                 | 5  | - | 25       | 52037.6       | 52037.6       | 1495.5                | 72525.0    |
| 4         |            | 20                 | 8  | - | 28       | 49741.6       | 49741.6       | 10766.7               | 81274.9    |
| 5         |            | 18                 | 6  | - | 24       | 56828.3       | 56828.3       | -                     | 73309.1    |
| 1         | n=.1<br>5  | 25                 | 13 | 7 | 45       | 201508.3      | 201508.3      | 12359.3               | 243417.9   |
| 2         |            | 24                 | 5  | 1 | 36       | 122101.6      | 122101.6      | 16619.5               | 162768.0   |
| 3         |            | 17                 | 8  | - | 25       | 130222.7      | 130222.7      | -                     | 149323.4   |
| 4         |            | 17                 | 6  | - | 23       | 132343.9      | 132343.9      | -                     | 148728.0   |
| 5         |            | 17                 | 8  | - | 25       | 130222.7      | 130222.7      | -                     | 149323.4   |
| 1         | n=.25<br>5 | 25                 | 13 | 7 | 45       | 201508.3      | 201508.3      | 12359.3               | 243417.9   |
| 2         |            | 19                 | 6  | 2 | 27       | 133281.8      | 133281.8      | -                     | 154131.9   |
| 3         |            | 14                 | 11 | - | 25       | 139869.0      | 139869.0      | -                     | 157188.5   |
| 4         |            | 18                 | 5  | 2 | 25       | 133335.9      | 133335.9      | -                     | 153578.2   |
| 5         |            | 17                 | 9  | - | 26       | 131416.9      | 131416.9      | -                     | 149768.8   |
| 1         | n=.35<br>8 | 25                 | 13 | 7 | 45       | 322413.3      | 322413.3      | 12359.3               | 364322.9   |
| 2         |            | 19                 | 6  | 2 | 27       | 213250.9      | 213250.9      | -                     | 234100.5   |
| 3         |            | 14                 | 11 | - | 25       | 223790.4      | 223790.4      | -                     | 240929.9   |
| 4         |            | 18                 | 5  | 2 | 25       | 213337.4      | 213337.4      | -                     | 233579.7   |
| 5         |            | 17                 | 9  | - | 26       | 210267.0      | 210267.0      | -                     | 228618.9   |

Table 4.6

## V. CONCLUSIONS

The procedure as a whole is a simple iterative procedure which should produce a near optimal solution. In step 1, the sets of seed nodes are being generated. This generation is based on stockout considerations only. These seeds are used only to obtain some initial estimates for marginal delivery costs and do not lock the final solution. In step 2, the sets of minimum time trips, satisfying vehicle capacity constraints, are being generated through the savings algorithm. These trips should make a reasonably good basis ready for the computation of marginal delivery costs. In step 3, trips are packed into vehicle routes, satisfying vehicle travel time constraints. For this step, the procedure, which is defined in 3.3, is used. The main problem is to decide which nodes to visit and which nodes to skip. This problem is handled in step 4 and a decision rule, based on a tradeoff between "stockout costs" and "operating costs", is obtained. At this stage, good approximations for delivery costs,  $c_k^t$ , are available. In addition, stockout probabilities,  $P_{iq}$ , which

are used to estimate expected stockout costs, are known. As a result, the suggested tradeoff between "stockout costs" and "operating costs" is significant.

From the computational results, we see that an improvement at each iteration is not guaranteed. Also, the convergence of the procedure can not be promised. However, it may be possible to handle these handicaps. In order to guarantee improvement at each iteration, the best solution so far may be stored and compared with the new solution. To guarantee convergence the number of iterations may be limited. Another modification for the convergence may be terminating the procedure whenever there is no improvement from one iteration to the next. Additional consideration should also be given to the multipliers discussed in section 3.4.

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**APPENDIX I**

PRKGRM, TAPE1=DATA, KFSOLUT, KFSOLUT, TAPE2=DATA, TAPE3=RESULT, TAPE4=TABLE, TAPE5=DATA, TAPE6=RESULT, TAPE7=RESULT, TAPE9=TABLE)

C\*\*\*\*\*  
C\*                   HEURISTIC SOLUTION PROCEDURE  
C\*                   FOR  
C\*                   THE INVENTORY ROUTING PROBLEM  
C\*\*\*\*\*

REAL X(100), Y(100), TLONG(100), X1(100), Y1(100)  
INTEGER TRA(5), TRCAP(5), Q(100), TRU(5), IUSE(2000), V(10, 100)  
INTEGER PTOUR(100, 4), ID(8000, 3), ITRIP(100, 10), INODE(100)  
INTEGER ITRIP1(10, 100, 10), NND(10), NNGD(10, 100), NKK(10), ITRU(100)  
DIMENSION TD1(10, 100), TA1(10, 100), D(100, 100), T(100, 6, 10)  
DIMENSION NZ(350), IASS(100), IFIRE(10, 20), IYCK(50), IRN(10, 5)  
DIMENSION B1(6), XS1(50), IROT(10, 6, 20), IFIRE1(10), IHULL1(10, 100, 1)  
INTEGER P(10, 50), K(10, 50), IITRIP(100, 10), NCCN(100), NCGN1(10, 100)  
DIMENSION SC(100), PR(100, 10), VD(5, 10), TLD(100), SL(100), IHIRE2(10)  
DIMENSION IHULL(100, 10), NKS(100), NQS(100), ANNI(10), V1(10, 100)  
NVT=1  
PAK=1.

READ(5, 1) NPT1, NDAY, TRA(1), TRCAP(1), MXCRCP, WIDTH, HEIGHT, CK, HK, OR  
SDV

1 FORKAT(//////, 40X, 13, //, 40X, 12, //, 40X, 13, //, 40X, 13, //, 40X, 13, //,  
40X, F5.0, //, 40X, F5.0, //, 40X, F5.0, //, 40X, F7.2, //, 40X, F5.0, //, 40X  
F5.0, //) )

DO 10 I=1, NPT1  
READ(5, 2) X1(I), Y1(I), Q(I), TLD(I), SL(I)

10 CONTINUE

2 FORKAT(28X, F6.1, 5X, F6.1, 5X, I4, 8X, F4.0, 5X, F5.0)  
READ(5, \*) DEN1, DEN2, ITR1, SBAR, TKIS, DEN3  
WRITE(6, \*) DEN1, DEN2, SBAR, TKIS, DEN3

DO 7777 IU=1, NPT1

7777 SL(IU)=DEN3\*SL(IU)

K=1  
DO 1020 1J=1, 35  
READ(9, 1021) (NZ(JJ), JJ=K, K+9)  
K=K+10

1021 FORMAT(10I4)

1020 CONTINUE

C\*\*\*\*\*  
C\*                   GENERATION OF SEED NODES  
C\*\*\*\*\*

DO 1024 I=1, NDAY  
NND(I)=1

1024 V(I, NND(I))=1  
SIGMA=SDV/ORT

DO 1023 J=2, NPT1  
SC(J)=Q(J)  
ASSC=SC(J)/ORT  
PER1=TLD(J)

DO 1022 I=1, NDAY+1  
CALL BULERV(NZ, ASSC, PER1, SIGMA, ERV)

PER2=I  
SC1=ASSC  
CALL BULPR2(NZ, SC1, ERV, PER2, SIGMA, PR2)

PR(J, I)=PR2  
IF(IASS(J).EQ.1) GO TO 1022  
IF(I.EQ.NDAY+1.AND.IASS(J).EQ.0) NCS(J)=NDAY+1  
IF((PR(J, I)\*SL(J)).LE.SBAR) GO TO 1022  
NQS(J)=I

NND(I)=NND(I)+1  
V(1, NND(I))=J  
IASS(J)=1

1022 CONTINUE

1023 CONTINUE

DO 1002 I=1, NDAY  
WRITE(6, 3) I, NND(I)

```

3  FOR K=1(5X,'*+',12,'% DAY**',7,3X,'% OF VEHICLES =',12)
1072 WRITE(6,*)(V(I,J),J=1,NND(I))
      NV=TRA(1)
      DO 4000 ITR=1,ITER1
      IF(ITER.EQ.1)GO TO 4001
      DO 4002 J1B=1,NDAY
      NND(J1B)=NND1(J1B)
      DO 4002 J2B=1,NND(J1B)
4002  V(J1B,J2B)=V1(J1B,J2B)
4001  SCUST=0.
      UCUST=0.
      HCUST=0.
      DO 4020 N1=2,NPT1
4020  SCUST=SCUST+SL(N1)*PR(N1),NQS(N1))
C*****
C*          VEHICLE ROUTING PROBLEM
C*****
      DO 1000 I1A=1,NDAY
      IF(NND(I1A).EQ.1)GO TO 1000
      DO 1001 J=1,NND(I1A)
      X(J)=X1(V(I1A,J))
1001  Y(J)=Y1(V(I1A,J))
      NPT=NND(I1A)
      ANPT=NPT
      DIV=1
      CALL CHVRPX(X,Y,NPT,NVT,TRA,TRCAF,PAR,FXCRCP,C,DIV,HEIGHT,
      SWIDTH,LD,PTOUR,TDIST,ISUM,NARC,TRU)
C      WRITE(6,200)TDIST
C      WRITE(6,300)TRU
C      DO 300 J=1,NARC
C      IF(ID(J,3).EQ.0)GO TO 300
C      WRITE(6,400)(ID(J,K),K=1,3),PTOUR(ID(J,2),2),PTOUR(ID(J,2),
C      3),1),PTOUR(ID(J,2),3),PTOUR(ID(J,2),4)
C      300 CONTINUE
C      200 FORMAT(' THE TOTAL DISTANCE TRAVELED IS ',F10.2//)
C      300 FORMAT(' NUMBER OF VEHICLES OF EACH TYPE ',/5I6//)
C      400 FORMAT(' ',3I5,3X,4I5)
C      WRITE(6,*)NARC
C      DO 5000 IH=1,NARC
C5000  WRITE(6,*)(ID(IH,IF),IF=1,3)
      K=1
      DO 334 I=1,NARC
      IF(ID(I,3).EQ.0)GO TO 334
      IF(IUSE(I).EQ.1)GO TO 334
      NN=PTOUR(ID(I,2),4)+1
      ITRIP(K,1)=ID(I,1)
C      WRITE(6,*)ITRIP(K,1)
      ITRIP(K,2)=ID(I,2)
C      WRITE(6,*)ITRIP(K,2)
      IUSE(I)=1
      IF(NN.LT.3)GO TO 339
      DO 335 J=3,NN
      DO 336 J=1,NARC
      IF(ID(J,3).EQ.0)GO TO 336
      IF(IUSE(J).EQ.1)GO TO 336
      IF(ID(J,1).NE.ITRIP(K,n-1))GO TO 331
      IF(ID(J,2).NE.ITRIP(K,n-1))GO TO 336
      ID(J,2)=ID(J,1)
331  IF(ITRIP(K,n).NE.0)GO TO 335
      ITRIP(K,n)=ID(J,2)
C      WRITE(6,*)ITRIP(K,n)
      IUSE(J)=1
      IF(ID(J,3).EQ.1)GO TO 335
      GO TO 338
336  CONTINUE

```

```

338 NN=NN+1
   ITRIP(K,N+1)=ITRIP(K,N-1)
C   TETA=333333
C   WRITE(6,*)ITRIP(K,N+1),TETA
335 CONTINUE
339 ITRIP(K,NN+1)=ITRIP(K,1)
   DO 337 MNN=1,NARC
   IF(ID(MNN,3).EQ.6)GO TO 337
   IF(IUSE(MNN).EQ.1)GO TO 337
   IF(ID(MNN,2).EQ.ITRIP(K,NN))IUSE(MNN)=1
337 CONTINUE
   INODE(K)=NN+1
   K=K+1
334 CONTINUE
   KK=K-1
   NT=KK
C   WRITE(6,*)((ITRIP(L1,L2),L2=1,INODE(L1)),L1=1,NT)
C *****
C*
C*                               CONVEX HULL
C *****
CALL CHULL(NT,X,Y,ITRIP,INODE,NCUN,IFULL)
DO 79 I=1,NT
  NCON(I)=NCON(I)+1
  IF(IHULL(I,1).EQ.1)GO TO 83
  JS=0
  DO 84 JV=2,NCON(I)
  IF(IHULL(I,JV).NE.1)GO TO 84
  JS=1
  JV1=JV
84 CONTINUE
  IF(JS.NE.0)GO TO 85
  NCON(I)=NCON(I)+1
  IITRIP(I,1)=1
  DO 70 JF=2,NCON(I)
70 IITRIP(I,JF)=IHULL(I,JF-1)
  GO TO 79
83 DO 71 JP=1,NCON(I)
71 IITRIP(I,JP)=IHULL(I,JP)
  GO TO 79
85 I6=1
  DO 72 JR=JV1,NCON(I)
  IITRIP(I,I6)=IHULL(I,JR)
72 I6=I6+1
  DO 73 JR1=1,JV1-1
  IITRIP(I,I6)=IHULL(I,JR1)
73 I6=I6+1
79 CONTINUE
  DO 81 I=1,NT
  DO 81 J=1,INODE(I)-1
  II=ITRIP(I,J)
  IK=0
  DO 82 K=1,NCON(I)
82 IF(II.EQ.IITRIP(I,K))IK=1
  IF(IK.EQ.1)GO TO 81
  IC=0
  CINS=999999.
  DO 90 NN=1,NCON(I)
  IC1=IITRIP(I,NN)
  IS1=IITRIP(I,NN+1)
  IF(NN.EQ.NCON(I))IS1=IITRIP(I,1)
  CINS1=((X(IC1)-X(II))**2+(Y(IC1)-Y(II))**2)**.5
  CINS2=((X(II)-X(IS1))**2+(Y(II)-Y(IS1))**2)**.5
  CINS3=((X(IC1)-X(IS1))**2+(Y(IC1)-Y(IS1))**2)**.5
  CINS4=CINS1+CINS2-CINS3
  IF(CINS4.GE.CINS)GO TO 90

```

```

10=101
90 CONTINUE
DO 91 L=1,NCUN(I)
IF(I0.NE.IITRIP(I,L))GO TO 91
LL=L
GO TO 92
91 CONTINUE
92 NCON(I)=NCON(I)+1
DE 80 H=NCON(I),LL+2,-1
IITRIP(I,H)=IITRIP(I,H-1)
80 CONTINUE
IITRIP(I,LL+1)=II
C WRITE(6,*)I0,LL
81 CONTINUE
DO 2000 I=1,NT
DO 2001 J=1,NCUN(I)
ITRIP(1,J)=IITRIP(1,J)
2001 CONTINUE
ITRIP(1,NCON(I)+1)=1
2000 CONTINUE
DO 342 KK=1,KK
NT=INODE(KK)
NNOD(I1A, KK)=NT
DO 443 JJ=1,NT-1
TLONG(KK)=TLONG(KK)+SQRT((X(ITRIP(KK, JJ))-X(ITRIP(KK, JJ+
51)))**2+(Y(ITRIP(KK, JJ))-Y(ITRIP(KK, JJ+1)))**2)
443 CONTINUE
TD1(I1A, KK)=TLONG(KK)
TA1(I1A, KK)=PTOUR(ITRIP(KK, 2), 3)
342 CONTINUE
DO 1004 I1=1, KK
DO 3001 J1=1, INODE(I1)
3001 ITRIP1(I1A, I1, J1)=V(I1A, ITRIP(I1, J1))
DO 3000 J22=1, NCON1(I1A, I1)
3000 IHULL1(I1A, I1, J22)=V(I1A, IHULL(I1, J22))
1004 CONTINUE
WRITE(6,1006) I1A
1006 FORNAT(//,'*****',I3,'. DAY')
NKK(I1A)=KK
DO 1005 I2=1, NKK(I1A)
IC1=NNOD(I1A, I2)
DCOST1=CK*TD1(I1A, I2)
WRITE(6,4) I2, TD1(I1A, I2), TA1(I1A, I2), DCOST1
DCOST=DCOST+DCOST1
WRITE(6,*) (ITRIP1(I1A, I2, K), K=1, IC1)
WRITE(6,5)
IC2=NCON1(I1A, I2)
WRITE(6,*) (IHULL1(I1A, I2, KG), KG=1, IC2)
1005 CONTINUE
4 FORNAT(//,' TRIP', I3, 10X, 'LENGHT OF TRIP=', F8.2,
510X, 'LOAD OF TRIP=', F5.0, 10X, 'DELIVERY COST=', F10.2)
5 FORNAT(' CONVEX HULL')
DO 1010 I=1, NARC
ID(I, 3)=,
1010 IUSE(I)=0
DO 1011 I=1, KK
DO 1012 J=1, I0
1012 ITRIP(I, J)=0
TLONG(I)=0
1011 INODE(I)=0
1000 CONTINUE

```

```

IF(NND(I).EQ.1)GO TO 1039
NVR1=NKK(I)
NYOK=0
I2=0
DC 1036 I3=1,NVR1
DC 1037 J3=1,NV
1037 P(J3,I3)=HK*TA1(I,I3)+TD1(I,I3)
DC 1038 J4=1,NV+1
R(J4,I3)=TD1(I,I3)
IF(R(J4,I3).LE.B1(J4))GO TO 1038
NYOK=NYOK+1
I2=I2+1
IYOK(I3)=1
IHIRE1(I)=1
IHIRE(I,I2)=I3
HCUST=HCUST+P(I,I3)
1038 CONTINUE
1038 CONTINUE
C DC 7000 I7=1,NV+1
C WRITE(6,*)(P(I7,I8),I8=1,NVR1)
C7000 WRITE(6,*)(R(I7,I9),I9=1,NVR1)
DC 1031 J=1,NV
IKIS=J
CALL KNAP(IKIS,P,R,B1,NYOK,IYOK,NVR1,XS1)
IRN(I,J)=0
TOP10=0
DC 1032 I1=1,NVR1
IF(XS1(I1).EQ.0.)GO TO 1032
TOP10=TOP10+R(NV+1,I1)
IRN(I,J)=IRN(I,J)+1
IROT(I,J,IRN(I,J))=I1
NYOK=NYOK+1
IYOK(I1)=1
1032 CONTINUE
VD(J,I)=B1(J)-TOP10
IF(NYOK.EQ.NVR1)GO TO 1039
1031 CONTINUE
DC 1033 J1=1,NVR1
IF(IYOK(J1).EQ.1)GO TO 1033
IHIRE1(I)=1
I2=I2+1
IHIRE2(I)=I2
IHIRE(I,I2)=J1
HCUST=HCUST+HK*TA1(I,J1)+TD1(I,J1)
1033 CONTINUE
1039 DC 1080 I0=1,NV
IF(VD(I0,I).EQ.0.)VD(I0,I)=B1(I0)
1080 CONTINUE
DC 1034 J2=1,NVR1
1034 IYOK(J2)=0
1030 CONTINUE
DC 1035 I=1,NDAY
DC 2035 J=1,NV
WRITE(6,8)I,J,IRN(I,J),VD(J,I)
WRITE(6,*)(IROT(I,J,K),K=1,IRN(I,J))
2035 CONTINUE
IF(IHIRE1(I).NE.1)GO TO 1035
WRITE(6,2036)
8 FORMAT(/,'**',I2,'. DAY',5X,'ROUTE ',I2,5X,'# OF TRIPS',I2,
5X,'SHADOW PRICE=',F5.0)
2036 FORMAT(/'THESE TRIPS USE FIRED VEHICLE')
KR=IHIRE2(I)
WRITE(6,*)(IHIRE(I,KF),KF=1,KR)
1035 CONTINUE
DC 1040 I=1,NPT1

```

DO 1040 J=1,NPT1

1040 D(I,J)=((X1(I)-X1(J))\*2+(Y1(I)-Y1(J))\*2)\*\*.5

C\*\*\*\*\*

C# ASSIGNMENT SUBPROGRAM

C\*\*\*\*\*

DO 1041 I=1,NDAY

DO 1041 J=1,NKK(I)

DO 1041 K=1,NCON1(I,J)

IVAR=IHULL1(I,J,K)

1041 ITRU(IVAR)=1

C WRITE(6,\*)(ITRU(I),I=1,NPT1)

DO 1042 I=2,NPT1

IF(ITRU(I).NE.1)GO TO 1043

IAA=0

DO 1046 IG=1,NDAY

DO 1049 J=1,NV

KI1=IRN(IG,J)

DO 1050 JJ=1,KI1

KJ1=IROT(IG,J,JJ)

NCN=NCON1(IG,KJ1)

DO 1051 IA=1,NCN

IF(I.EQ.IHULL1(IG,KJ1,IA))IAA=1

1051 CONTINUE

IF(IAA.NE.1)GO TO 1050

IG1=IG

NV1=J

ITR1=KJ1

GO TO 1043

1050 CONTINUE

1049 CONTINUE

1048 CONTINUE

1043 CONTINUE

DO 1044 IG=1,NDAY

DO 1045 J=1,NV

IF(J.EQ.NV1.AND.IG.EQ.IG1)GO TO 1045

KI=IRN(IG,J)

IF(KI.EQ.0)GO TO 3050

DO 1046 K=1,KI

KJ=IROT(IG,J,K)

NCN=NCON1(IG,KJ)

IHULL1(IG,KJ,NCN+1)=IHULL1(IG,KJ,1)

IF(K.NE.1)GO TO 1047

NC=IHULL1(IG,KJ,1)

NS=IHULL1(IG,KJ,2)

TINS1=D(NC,1)+D(1,NS)-D(NC,NS)

1047 CONTINUE

DO 1046 K1=1,NCN

N0=IHULL1(IG,KJ,K1)

NS=IHULL1(IG,KJ,K1+1)

TINS=D(N0,1)+D(1,NS)-D(N0,NS)

IF(TINS.GE.TINS1)GO TO 1046

TINS1=TINS

1046 CONTINUE

T(1,J,IG)=TINS1

GO TO 1045

3050 T(1,J,IG)=D(1,1)

1045 CONTINUE

1044 CONTINUE

IF(ITRU(1).NE.1.OR.IAA.EQ.0)GO TO 1042

K8K=1

DO 1052 I1=1,NNOD(IG1,ITR1)

I12=ITRIP1(IG1,ITR1,I1)

IF(I.EQ.I12)GO TO 1052

ITRIP(1,K8K)=ITRIP1(IG1,ITR1,I1)

K8K=K8K+1

1052 CONTINUE

```

113=NRND(IG1,ITR1)-1
CALL CHULL(1,X1,Y1,ITRIP,I13,NCCN,IFULL)
DC 1057 JJI=1,NCON(1)
1057 IHULL1(I12,ITR1,JJI)=IHULL(1,JJI)
I8=IRN(IG1,NV1)
DO 1053 K8=1,I8
L8=IKDT(IG1,NV1,K8)
NCON=NCON1(IG1,L8)
IF(L8.NF.ITR1)GO TO 1054
NCON=NCON(1)
IG2=NDAY+1
IHULL1(IG2,L8,NCON+1)=IHULL1(IG2,L8,1)
IF(K8.NF.1)GO TO 1055
NC=IHULL1(IG2,L8,1)
NS=IHULL1(IG2,L8,2)
TINS1=D(NC,1)+D(1,NS)-D(NC,NS)
GO TO 1055
1054 IHULL1(IG1,L8,NCON+1)=IHULL1(IG1,L8,1)
IF(K8.NF.1)GO TO 1055
NC=IHULL1(IG1,L8,1)
NS=IHULL1(IG1,L8,2)
TINS1=D(NC,1)+D(1,NS)-D(NC,NS)
1055 DO 1056 K9=1,NCON
IF(L8.EQ.ITR1)IGG=IG2
NC=IHULL1(IGG,L8,K9)
NS=IHULL1(IGG,L8,K9+1)
TINS=D(NC,1)+D(1,NS)-D(NC,NS)
IF(TINS.GE.TINS1)GO TO 1056
TINS1=TINS
1056 IGG=IG1
1058 CONTINUE
T(1,NV1,IG1)=DEN1*TINS1
IG1=0
NV1=0
ITR1=1
DO 1070 KT=1,10
1070 ITRIP(1,KT)=0
I13=0
DC 1058 KP=1,10
1058 IHULL(1,KP)=0
NCON(1)=0
1042 CONTINUE
WRITE(6,4021)SCOST,CCOST,FCOST
4021 FORMAT(5X,'TOTAL STOCK-CUT COST=',F8.1,/,5X,'TOTAL DELIVERY
5 COST=',F12.1,/,5X,'COST OF HIRING VEHICLE=',F8.1,///)
C
WRITE(6,*)111111
DC 3002 I=2,NPT1
COST1=99999999.
DO 3003 K=1,NV
DC 3004 IQ=1,NDAY+1
IF(IQ.EQ.NDAY+1)GO TO 3005
COST=(CK+DEN2*(700-VD(K,IQ)))*T(1,K,IQ)+SL(I)*PR(I,IQ)
C
WRITE(6,*)88,COST
GO TO 3006
3005 COST=SL(1)*PR(1,NDAY+1)
C
WRITE(6,*)99,COST
3006 IF(COST.GE.COST1)GO TO 3004
COST1=COST
NKS(1)=K
NCS(1)=IQ
3004 CONTINUE
3003 CONTINUE
3002 CONTINUE
IF(ITR.NF.1)GO TO 5555
DC 2050 I=1,NPT1

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WRITE(7,*)NCS(I),NRS(I)
WRITE(7,*)(PR(I,JU),JU=1,4)
DO 2050 J=1,NV
2050 WRITE(7,*)(T(I,J,IIS),IIS=1,NDAY)
5555 CONTINUE
C WRITE(6,*)222222
DO 3008 I=1,NDAY+1
NND1(I)=1
3008 V1(I,1)=1
C WRITE(6,*)333333
DO 3007 I=2,NPT1
IDAY=NQS(I)
C WRITE(6,*)444, IDAY
NND1(IDAY)=NND1(IDAY)+1
C WRITE(6,*)44, NND1(IDAY)
V1(IDAY, NND1(IDAY))=1
C WRITE(6,*)4, V1(IDAY, NND1(IDAY))
3007 CONTINUE
C WRITE(6,*)555555
DO 3009 I=1,NDAY
WRITE(6,3)I, NND1(I)
3009 WRITE(6,*)(V1(I,J), J=1, NND1(I))
C WRITE(6,*)666666
DO 3012 IW=1,NDAY
IHIRE1(IW)=0
DO 3013 LC=1, IHIRE2(IW)
3013 IHIRE(IW, LC)=0
IHIRE2(IW)=0
DO 3014 K=1, NV+1
VC(K, IW)=0
DO 3015 LD=1, IRN(IW, K)
3015 IRUT(IW, K, LD)=0
IRN(IW, K)=0
DO 3016 I=1, NPT1
ITRU(I)=0
3016 T(I, K, IW)=0
3014 CONTINUE
DO 3017 IY=1, NKK(IW)
DO 3018 IZ=1, NNOD(IW, IY)
3018 ITRIP1(IW, IY, IZ)=0
DO 3019 IX=1, NCON1(IW, IY)
3019 IHULL1(IW, IY, IX)=0
NNOD(IW, IY)=0
NCON1(IW, IY)=0
3017 CONTINUE
NKK(IW)=0
3012 CONTINUE
4005 CONTINUE
STOP
END
SUBROUTINE CNVRP(X, Y, NPT, NVT, TRA, TRCAP, PAR, XDRCP, C, DIV, HEIGHT,
WIDHT, LD, PTGUR, TDIST, ISUR, NARC, TRU)
REAL D(100), S(2500), X(100), Y(100)
INTEGER ID(8000, 3), ADJA(100, 50), TRA(5), TRCAP(5), TRU(5), PTGUR(100, 4),
PUNINT(100), IX(2500), JX(2500), G(100)
INTEGER BX(100), BY(100), P
COMMON /AREA2/S, IX, JX
TRA(1)=999999
WIDHT=WIDHT/DIV
HEIGHT=HEIGHT/DIV
DO 61 I=2, NPT
PCINT(I)=0
BX(I)=X(I)/WIDHT+1
BY(I)=Y(I)/HEIGHT+1
NARC=0
II=0

```

```

N1=NPT-1
I=1
DO 107 J=2,NPT
NARC=NARC+1
ID(NARC,1)=1
ID(NARC,2)=J
DISTAN=(X(I)-X(J))**2+(Y(I)-Y(J))**2
107 D(J)=SQRT(DISTAN)
DO 101 I=2,NT
IP1=I+1
DO 102 J=IP1,NPT
IA=IABS(BX(I)-BX(J))
IB=IABS(BY(I)-BY(J))
IF(IA.GT.1.OR.IB.GT.1)GO TO 102
NARC=NARC+1
II=II+1
PCINT(I)=PPOINT(I)+1
PPOINT(J)=PPOINT(J)+1
IF(PPOINT(I).GT.100.OR.PCINT(J).GT.100)GO TO 998
ADJA(I,PPOINT(I))=II
ADJA(J,PPOINT(J))=II
ID(NARC,1)=I
ID(NARC,2)=J
DISTAN=(X(I)-X(J))**2+(Y(I)-Y(J))**2
S(II)=D(I)+D(J)-PAR*SQRT(DISTAN)
102 CONTINUE
101 CONTINUE
SUM=0.
DO 25 J=2,NPT
25 SUM=SUM+D(J)
TDIST=2.*SUM
NN=NARC-NPT+1
TRU(1)=NPT-1
IF(NVT.EQ.1)GO TO 17
DO 15 I=2,NVT
15 TRU(I)=0
17 CONTINUE
DO 2 I=2,NPT
PTOUR(I,1)=I
PTOUR(I,2)=1
PTOUR(I,3)=Q(I)
PTOUR(I,4)=1
2 CONTINUE
DO 21 I=1,NT
21 ID(I,3)=2
DO 22 I=NPT,NARC
22 ID(I,3)=0
DO 111 I=1,NN
JX(I)=I
111 IX(I)=I
CALL STHEAP(NN)
90 CONTINUE
JG=0
K=1
IF(S(K).EQ.0)GO TO 16
P=IX(K)+NPT-1
IN=ID(P,1)
JN=ID(P,2)
IPT1=PTOUR(IN,1)
IPT2=PTOUR(JN,1)
IF(ID(IN,3).EQ.0.OR.ID(JN,3).EQ.0)GO TO 12
IF(IPT1.EQ.IPT2)GO TO 12
ICAP=PTOUR(IN,3)+PTOUR(JN,3)
DO 91 L=1,NVT
91 IF(TRCAP(L).GE.ICAP.AND.TRU(L).LT.TFA(L))GO TO 16
90 CONTINUE

```

```

GC TO 17
10 ACAP=PTOUR(IN,4)+PTOUR(JN,4)
IF(MCAP.GT.MXDROP)GC TO 12
TRU(LH)=TRU(LH)+1
TRU(PTOUR(IN,2))=TRU(PTOUR(IN,2))-1
TRU(PTOUR(JN,2))=TRU(PTOUR(JN,2))-1
DISTAN=(D(IN)+D(JN)-S(K))/PAR
TCIST=TCIST-(D(IN)+D(JN)-DISTAN)
DC 103 L=2,NPT
IF(PTOUR(L,1).EQ.IPT1.OP.PTOUR(L,1).EQ.IPT2)GO TO 64
103 CONTINUE
64 DO 105 M=2,NPT
IF(PTOUR(M,1).NE.IPT1.AND.PTOUR(M,1).NE.IPT2)GO TO 105
PTOUR(M,1)=PTOUR(L,1)
PTOUR(M,2)=LH
PTOUR(M,3)=ICAP
PTOUR(M,4)=MCAP
105 CONTINUE
ID(P,3)=1
ID(IN-1,3)=ID(IN-1,3)-1
ID(JN-1,3)=ID(JN-1,3)-1
IF(ID(JN-1,3).NE.0)GO TO 11
IB=POINT(JN)
JC=1
DC 97 I=1,IB
IC=JX(ADJA(JN,I))
IF(S(IC).LE.C.)GO TO 97
S(IC)=0.
CALL OTHEAP(NN,IC)
97 CONTINUE
11 IF(ID(IN-1,3).NE.0)GO TO 12
IB=POINT(IN)
DC 98 I=1,IB
IC=JX(ADJA(IN,I))
IF(S(IC).LE.C.)GO TO 98
S(IC)=0.
CALL OTHEAP(NN,IC)
98 CONTINUE
GO TO 90
12 IF(JD.EQ.1)GO TO 90
S(K)=0.
CALL OTHEAP(NN,K)
GO TO 90
16 CONTINUE
ISUP=0
DC 228 I=1,NVT
228 ISUP=ISUP+TRU(I)
GO TO 301
998 WRITE(6,999)
999 FORPAT(' ',3X,'POINT(I)0 FOR SOME I EXCEEDS 100'//)
301 CONTINUE
DO 200 I=1,100
D(I)=0.
POINT(I)=0
3X(I)=0
BY(I)=0
DC 200 J=1,50
200 ADJA(I,J)=0
P=0
DO 201 I=1,NARC
S(I)=0.
IX(I)=0
201 JX(I)=0
RETURN
END
SUBROUTINE STHEAP(NN)

```

```

REAL S(2500)
INTEGER IX(2500), JX(2500)
COMMON /AREA2/S, IX, JX
IF(-2)50,60,1
1 CONTINUE
NH=NN/2
DO 10 I=1, NH
II=NH+1-I
COPY=S(II)
IXC=IX(II)
JXC=JX(II)
2 J=1I+II
IF(J-NN)5,7,9
5 IF(S(J+1).GT.S(J))J=J+1
7 IF(S(J).LE.COPY)GO TO 9
S(II)=S(J)
IX(II)=IX(J)
JX(IX(J))=II
II=J
GO TO 2
9 S(II)=COPY
IX(II)=IXC
JX(JXC)=II
10 CONTINUE
50 RETURN
60 IF(S(1).GT.S(2))GO TO 50
DT=S(1)
S(1)=S(NN)
S(2)=DT
IX(1)=2
JX(1)=2
IX(2)=1
JX(2)=1
GO TO 50
END
SUBROUTINE OTHEAP(NN, IC)
REAL S(2500)
INTEGER IX(2500), JX(2500)
COMMON /AREA2/S, IX, JX
II=IC
COPY=S(II)
IXC=IX(II)
JXC=JX(II)
12 J=1I+II
IF(J-NN)15,17,19
15 IF(S(J+1).GT.S(J))J=J+1
17 IF(S(J).LE.COPY)GO TO 19
S(II)=S(J)
IX(II)=IX(J)
JX(IX(J))=II
II=J
GO TO 12
19 S(II)=COPY
IX(II)=IXC
JX(JXC)=II
20 RETURN
END
SUBROUTINE BULERV(NZ, SSC, T, SIGMA, FRV)
DIMENSION NZ(350)
II=0
SSC1=SSC
FLUX1=J.999999991
4 IF(SSC.LT.0.5)GO TO 2
6 ZZ=(SSC-T)/(SIGMA*SCRT(T))
IF(ZZ.LE.0.)THEN
IF(ZZ.GE.-3.49)THEN

```

```

      LL=-100.*ZZ+1.
      FLUX=1.-NZ(LL)/10000.0
    ELSE
      FLUX=0.000001

    ENDIF
  ELSE
    IF(ZZ.LE.3.49)THEN
      LL=100.0*ZZ+1.
      FLUX=NZ(LL)/10000.0
    ELSE
      FLUX=0.99999999
    ENDIF
  ENDIF
  III=III+1
  IF(III.EQ.1)FLUX1=FLUX
  FLUXT=FLUXT+FLUX
  SSC=SSC-1.0
  GO TO 4
2 ET=(FLUXT-FLUX1)/FLUX1
  ERV=SSC1-FI
  SSC=SSC1
  RETURN
END
SUBROUTINE BULPR2(NZ,SC1,ERV,C,SIGMA,PR2)
  DIMENSION NZ(350),Z(350)
  PR2=0
  JJJ=0
  SC1=SC1-ERV
  ZZ=(SC1-0)/(SIGMA*SQRT(C))
  IF(ZZ.LE.0.0)THEN
    IF(ZZ.GE.-3.49)THEN
      LL=-100*ZZ+1.
      FLUX=1.-NZ(LL)/10000.0
    ELSE
      FLUX=0.000001
    ENDIF
  ELSE
    IF(ZZ.LE.3.49)THEN
      LL=100.0*ZZ+1.
      FLUX=NZ(LL)/10000.0
    ELSE
      FLUX=0.99999999
    ENDIF
  ENDIF
  PR2=1-FLUX
  RETURN
END
SUBROUTINE KRAP(IKIS,P,R,B1,IYUK,IYCK,NVRI,XS1)
  DIMENSION B1(6),BB(5),PCR(50),NIN(50)
  DIMENSION IA(50),XS(50),Z(100),XI(50),RR(50),XX(100)
  DIMENSION XS1(50),IYUK(50),B(5)
  INTEGER P(10,50),R(10,50)
  II=IKIS
  B(II)=B1(II)
  DO 30 I=1,NVRI
    PCR(I)=P(II,I)/R(II,I)
    IF(IYUK(I).LE.1)PCR(I)=0.
30 CONTINUE
  DO 40 I=1,NVRI
40 NIN(I)=I
  DO 31 J=2,NVRI
    I=J-1
    PCR=PCR(J)
    NIN=NIN(J)
    PCR=P(II,J)

```

```

RDUJ=R(I,I)
32 IF(DUJ.LE.PDR(I))GO TO 33
PDR(I+1)=PDR(I)
NTN(I+1)=NTN(I)
P(I,I+1)=P(I,I)
R(I,I+1)=R(I,I)
I=I-1
IF(I.GT.0)GO TO 32
33 PDR(I+1)=DUR
NTN(I+1)=NDUR
P(I,I+1)=PDUR
R(I,I+1)=RDUR
31 CONTINUE
NVR=NVR1-NYUK
SUM1=0.
DO 100 I=1,NVR
100 SUM1=SUM1+R(I,I)
IF(SUM1.GT.B(II))GO TO 101
DO 102 I=1,NVR
102 XS(I)=1.
GO TO 70
101 L=1
DO 1 I=1,NVR
1 XI(I)=2.
SUM=0.
OBJ=0.
DIF=B(II)
DO 2 I=1,NVR
IR=I
IF(DIF.EQ.0.)III=1
IF(DIF.LT.R(II,I))GO TO 3
OBJ=OBJ+P(II,I)
SUM=SUM+R(II,I)
DIF=B(II)-SUM
2 CONTINUE
3 XC=OBJ
RR(1)=IR
XI(IR)=0.
IA(IR)=1.
IF(IR.NE.1)GO TO 29
XS(IR)=0.
GO TO 42
29 DO 4 I=1,IR-1
4 XS(I)=1
42 DO 5 I=IR+1,NVR
5 XS(I)=0.
XS(IR)=0.
IF(III.EQ.1)GO TO 70
30 XR=0.
OBJ=0.
BB(II)=B(II)
DO 7 LL=1,L
OBJ=OBJ+(P(II,RR(LL))*XI(RR(LL)))
7 BB(II)=BB(II)-(R(II,RR(LL))*XI(RR(LL)))
IF(BB(II).LT.0.)GO TO 9
DO 6 I=1,NVR
IR=I
IF(IA(I).EQ.1)GO TO 6
IF(BB(II).LT.K(II,I))GO TO 8
BB(II)=BB(II)-R(II,I)
OBJ=OBJ+P(II,I)
6 CONTINUE
8 XR=BB(II)/K(II,IR)
Z(L+1)=OBJ+XR*P(II,IR)
IF(Z(L+1).LE.XU)GO TO 9
IF(XR.NE.0.)GO TO 10

```

```

XU=Z(L+1)
IF(IR.EQ.1)GO TO 74
DO 11 I=1,IR-1
IF(IA(I).EQ.1)GO TO 12
XS(I)=1.
GO TO 11
12 XS(I)=X1(I)
11 CONTINUE
IF(IR.EQ.NVR)GO TO 71
74 DO 13 I=IR+1,NVR
IF(IA(I).EQ.1)GO TO 14
XS(I)=0.
GO TO 13
14 XS(I)=X1(I)
13 CONTINUE
XS(IR)=0.
GO TO 73
71 TOPL=0.
DO 44 I=1,NVR-1
44 TOPL=TOPL+(R(II,I)*XS(I))
IF(TOPL.EQ.S(II))GO TO 43
XS(IR)=1.
GO TO 73
43 XS(IR)=0.
73 CONTINUE
GO TO 9
10 XX(L)=08J
IF(XX(L).LE.XU)GO TO 19
XC=XX(L)
IF(IR.EQ.1)GO TO 72
DO 15 I=1,IR-1
IF(IA(I).EQ.1)GO TO 16
XS(I)=1.
GO TO 15
16 XS(I)=X1(I)
15 CONTINUE
IF(IR.EQ.NVR)GO TO 201
72 DO 17 I=IR+1,NVR
IF(IA(I).EQ.1)GO TO 18
XS(I)=0.
GO TO 17
18 XS(I)=X1(I)
17 CONTINUE
XS(IR)=0.
GO TO 204
201 TOPL=0.
DO 202 KD=1,NVR-1
202 TOPL=TOPL+(R(II,KD)*XS(KD))
IF((B(II)-TOPL).LT.R(II,NVR))GO TO 203
XS(IR)=1.
GO TO 204
203 XS(IR)=0.
204 CONTINUE
19 L=L+1
RR(L)=IR
X1(IR)=0.
IA(IR)=1
IF(IR.EQ.NVR)GO TO 9
GO TO 20
9 IF(X1(RR(L)).NE.0)GO TO 21
X1(RR(L))=1.
GO TO 20
21 IF(L.EQ.1)GO TO 70
X1(RR(L))=2.
IA(RR(L))=0.

```

```

70 DO 103 I=1,NVR1
103 XS1(NIN(1))=XS(I)
DO 104 I=1,NVR1
IA(I)=0
104 XS(I)=0
RETURN
END
SUBROUTINE CHULL(NT,X,Y,ITRIP,INODE,NCON,IFULL)
REAL X(100),Y(100)
INTEGER ITRIP(100,10),INODE(100),NCON(100),IFULL(100,10)
DO 1 IT=1,NT
IJ=1
II=ITRIP(IT,1)
BEST=X(II)
IFND=II
XLAST=X(II)
HSTAR=II
JJ=INODE(IT)-1
DO 2 JK=2,JJ
J=ITRIP(IT,JK)
IF(X(J).GE.BEST)GO TO 3
HSTAR=J
BEST=X(J)
3 IF(X(J).LE.XLAST)GO TO 2
IFND=J
XLAST=X(J)
2 CONTINUE
H=HSTAR
IHULL(IT,IJ)=HSTAR
NCON(IT)=IJ
4 BEST=-10000.
IP=INODE(IT)-1
DO 5 IC=1,IP
I=ITRIP(IT,IC)
IF(X(I)-X(H))5,60,70
60 IF(Y(I).EQ.Y(H))GO TO 5
IF(Y(I).GT.Y(H))SLOPE=9999.
IF(Y(I).LT.Y(H))SLOPE=-9999.
GO TO 8
70 SLOPE=(Y(I)-Y(H))/(X(I)-X(H))
8 IF(SLOPE.LE.BEST)GO TO 5
BEST=SLOPE
HNEXT=I
5 CONTINUE
IJ=IJ+1
IHULL(IT,IJ)=HNEXT
NCON(IT)=IJ
H=HNEXT
IF(H.NE.HEND)GO TO 4
11 BEST=-10000.
DO 12 IS=1,IP
I=ITRIP(IT,IS)
IF(X(I)-X(H))13,14,12
14 IF(Y(I).EQ.Y(H))GO TO 12
IF(Y(I).LT.Y(H))SLOPE=9999.
IF(Y(I).GT.Y(H))SLOPE=-9999.
GO TO 15
13 SLOPE=(Y(I)-Y(H))/(X(I)-X(H))
15 IF(SLOPE.LE.BEST)GO TO 12
BEST=SLOPE
HNEXT=I
12 CONTINUE
IF(HNEXT.EQ.HSTAR)GO TO 1
IJ=IJ+1
IHULL(IT,IJ)=HNEXT

```

```
NCOUNT)=13  
N=ANEXT  
GO TO 11  
1 CONTINUE  
RETURN  
END
```

APPENDIX II

INVENTORY ROUTING PROBLEM  
DATA FILE

NUMBER OF POINTS           =>   NPT:           -----  
 # OF VEHICLES AVAILABLE   =>   TRA:           -----  
 CAPACITY OF VEHICLE       =>   TRCAP:          -----  
 MAX. # OF DROPS ON A TRIP =>   MXDRUP:        -----  
 RANGE OF X-COORDINATE     =>   WIDTH:           -----  
 RANGE OF Y-COORDINATE     =>   HEIGHT:           -----

|                    | X-COORDINATE | Y-COORDINATE | DEMAND |
|--------------------|--------------|--------------|--------|
|                    | -----        | -----        | -----  |
| SUPPLY POINT : 1 * | .            | .            | 9999.9 |
| DEMAND POINTS :    |              |              |        |
| 2 *                | .            | .            | .      |
| 3 *                | .            | .            | .      |
| 4 *                | .            | .            | .      |
| 5 *                | .            | .            | .      |
| 6 *                | .            | .            | .      |
| 7 *                | .            | .            | .      |
| 8 *                | .            | .            | .      |
| 9 *                | .            | .            | .      |
| 10 *               | .            | .            | .      |
| 11 *               | .            | .            | .      |
| 12 *               | .            | .            | .      |
| 13 *               | .            | .            | .      |
| 14 *               | .            | .            | .      |
| 15 *               | .            | .            | .      |
| 16 *               | .            | .            | .      |
| 17 *               | .            | .            | .      |
| 18 *               | .            | .            | .      |
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| 20 *               | .            | .            | .      |
| 21 *               | .            | .            | .      |
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| 23 *               | .            | .            | .      |
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| 27 *               | .            | .            | .      |
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| 29 *               | .            | .            | .      |
| 30 *               | .            | .            | .      |
| 31 *               | .            | .            | .      |
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| 100* | . | . | . |

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**APPENDIX III**

| $i$ | $P_{i1}$           | $P_{i2}$ | $P_{i3}$ | $P_{i4}$ |
|-----|--------------------|----------|----------|----------|
| 2   | .99                | .99      | .99      | .99      |
| 3   | .99                | .99      | .99      | .99      |
| 4   | .99                | .99      | .99      | .99      |
| 5   | .63                | .99      | .99      | .99      |
| 6   | .5                 | .99      | .99      | .99      |
| 7   | .5                 | .99      | .99      | .99      |
| 8   | .99                | .99      | .99      | .99      |
| 9   | .5                 | .99      | .99      | .99      |
| 10  | .5                 | .99      | .99      | .99      |
| 11  | .63                | .99      | .99      | .99      |
| 12  | .99                | .99      | .99      | .99      |
| 13  | .63                | .99      | .99      | .99      |
| 14  | .02                | .99      | .99      | .99      |
| 15  | .99                | .99      | .99      | .99      |
| 16  | .53                | .99      | .99      | .99      |
| 17  | $\approx 0$        | 0        | .5       | .99      |
| 18  | $\approx 0$        | .52      | .99      | .99      |
| 19  | $\approx 0$        | .64      | .99      | .99      |
| 20  | .99                | .99      | .99      | .99      |
| 21  | $\approx 0$        | 0        | .5       | .99      |
| 22  | .63                | .99      | .99      | .99      |
| 23  | $\approx 0$        | .59      | .99      | .99      |
| 24  | .99                | .99      | .99      | .99      |
| 25  | .99                | .99      | .99      | .99      |
| 26  | $\approx 0$        | .77      | .99      | .99      |
| 27  | .99                | .99      | .99      | .99      |
| 28  | .99                | .99      | .99      | .99      |
| 29  | .47                | .99      | .99      | .99      |
| 30  | $\approx 0$        | 0        | .64      | .99      |
| 31  | $\approx 0$        | .13      | .99      | .99      |
| 32  | .99                | .99      | .99      | .99      |
| 33  | .71                | .99      | .99      | .99      |
| 34  | $\approx 0$        | 0        | .36      | .99      |
| 35  | $\approx 0$        | .52      | .99      | .99      |
| 36  | $\approx 0$        | 0        | .53      | .99      |
| 37  | $\approx 0$        | .59      | .99      | .99      |
| 38  | $\approx 0$        | .52      | .99      | .99      |
| 39  | .99                | .99      | .99      | .99      |
| 40  | .99                | .99      | .99      | .99      |
| 41  | .99                | .99      | .99      | .99      |
| 42  | .99                | .99      | .99      | .99      |
| 43  | .95                | .99      | .99      | .99      |
| 44  | .27                | .99      | .99      | .99      |
| 45  | .95                | .99      | .99      | .99      |
| 46  | $\approx 0$        | .11      | .99      | .99      |
| 47  | $\approx 0$        | .59      | .99      | .99      |
| 48  | .99                | .99      | .99      | .99      |
| 49  | $4 \times 10^{-4}$ | .99      | .99      | .99      |
| 50  | $\approx 0$        | .51      | .99      | .99      |