

Yi-Kuei Lin · Yu-Chung Tsao
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- [Papers](#)
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Table of contents

Page of 4
[Next](#)

1. Front Matter
Pages i-xxiv
[PDF](#)↓
2. [An Optimal Ordering Policy of the Retailers Under Partial Trade Credit Financing and Restricted Cycle Time in Supply Chain](#)
Shin'ichi Yoshikawa
Pages 1-8
3. [An Immunized Ant Colony System Algorithm to Solve Unequal Area Facility Layout Problems Using Flexible Bay Structure](#)
Mei-Shiang Chang, Hsin-Yi Lin
Pages 9-17
4. [Characterizing the Trade-Off Between Queue Time and Utilization of a Manufacturing System](#)
Kan Wu
Pages 19-27

5. Using Latent Variable to Estimate Parameters of Inverse Gaussian Distribution Based on Time-Censored Wiener Degradation Data
Ming-Yung Lee, Cheng-Hung Hu
Pages 29-35
6. Interpolation Approximations for the Performance of Two Single Servers in Series
Kan Wu
Pages 37-44
7. On Reliability Evaluation of Flow Networks with Time-Variant Quality Components
Shin-Guang Chen
Pages 45-51
8. Defect Detection of Solar Cells Using EL Imaging and Fourier Image Reconstruction
Ya-Hui Tsai, Du-Ming Tsai, Wei-Chen Li, Shih-Chieh Wu
Pages 53-62
9. Teaching Industrial Engineering: Developing a Conjoint Support System Catered for Non-Majors
Yoshiki Nakamura
Pages 63-71
10. An Automatic Image Enhancement Framework for Industrial Products Inspection
Chien-Cheng Chu, Chien-Chih Wang, Bernard C. Jiang
Pages 73-78
11. Ant Colony Optimization Algorithms for Unrelated Parallel Machine Scheduling with Controllable Processing Times and Eligibility Constraints
Chinyao Low, Rong-Kwei Li, Guan-He Wu
Pages 79-87
12. General Model for Cross-Docking Distribution Planning Problem with Time Window Constraints
Parida Jewpanya, Voratas Kachitvichyanukul
Pages 89-102
13. A New Solution Representation for Solving Location Routing Problem via Particle Swarm Optimization
Jie Liu, Voratas Kachitvichyanukul
Pages 103-110
14. An Efficient Multiple Object Tracking Method with Mobile RFID Readers
Chieh-Yuan Tsai, Chen-Yi Huang
Pages 111-117
15. A New Bounded Intensity Function for Repairable Systems
Fu-Kwun Wang, Yi-Chen Lu
Pages 119-125
16. Value Creation Through 3PL for Automotive Logistical Excellence
Chin Lin Wen, Schnell Jeng, Danang Kisworo, Paul K. P. Wee, H. M. Wee
Pages 127-132
17. Dynamics of Food and Beverage Subsector Industry in East Java Province: The Effect of Investment on Total Labor Absorption
Putri Amelia, Budisantoso Wirjodirdjo, Niniet Indah Arvitrida
Pages 133-140
18. Solving Two-Sided Assembly Line Balancing Problems Using an Integrated Evolution and Swarm Intelligence
Hindriyanto Dwi Purnomo, Hui-Ming Wee, Yugowati Praharsi
Pages 141-148

19. Genetic Algorithm Approach for Multi-Objective Optimization of Closed-Loop Supply Chain Network
Li-Chih Wang, Tzu-Li Chen, Yin-Yann Chen, Hsin-Yuan Miao, Sheng-Chieh Lin, Shuo-Tsung Chen
Pages 149-156
20. Replacement Policies with a Random Threshold Number of Faults
Xufeng Zhao, Mingchih Chen, Kazunori Iwata, Syouji Nakamura, Toshio Nakagawa
Pages 157-164
21. A Multi-Agent Model of Consumer Behavior Considering Social Networks: Simulations for an Effective Movie Advertising Strategy
Yudai Arai, Tomoko Kajiyama, Noritomo Ouchi
Pages 165-172
22. Government Subsidy Impacts on a Decentralized Reverse Supply Chain Using a Multitiered Network Equilibrium Model
Pin-Chun Chen, I-Hsuan Hong
Pages 173-180
23. A Capacity Planning Method for the Demand-to-Supply Management in the Pharmaceutical Industry
Nobuaki Ishii, Tsunehiro Togashi
Pages 181-188
24. Storage Assignment Methods Based on Dependence of Items
Po-Hsun Kuo, Che-Wei Kuo
Pages 189-195
25. Selection of Approximation Model on Total Perceived Discomfort Function for the Upper Limb Based on Joint Moment
Takanori Chihara, Taiki Izumi, Akihiko Seo
Pages 197-204
26. Waiting as a Signal of Quality When Multiple Extrinsic Cues are Presented
Shi-Woei Lin, Hao-Yuan Chan
Pages 205-210
27. Effect of Relationship Types on the Behaviors of Health Care Professionals
Shi-Woei Lin, Yi-Tseng Lin
Pages 211-217
28. A Simulation with PSO Approach for Semiconductor Back-End Assembly
James T. Lin, Chien-Ming Chen, Chun-Chih Chiu
Pages 219-227
29. Effect of Grasp Conditions on Upper Limb Load During Visual Inspection of Objects in One Hand
Takuya Hida, Akihiko Seo
Pages 229-237
30. A Process-Oriented Mechanism Combining Fuzzy Decision Analysis for Supplier Selection in New Product Development
Jiun-Shiung Lin, Jen-Huei Chang, Min-Che Kao
Pages 239-247
31. Reliability-Based Performance Evaluation for a Stochastic Project Network Under Time and Budget Thresholds
Yi-Kuei Lin, Ping-Chen Chang, Shin-Ying Li
Pages 249-256
32. System Reliability and Decision Making for a Production System with Intersectional Lines
Yi-Kuei Lin, Ping-Chen Chang, Kai-Jen Hsueh

- Pages 257-264
33. Customer Perceptions of Bowing with Different Trunk Flexions
Yi-Lang Chen, Chiao-Ying Yu, Lan-Shin Huang, Ling-Wei Peng, Liang-Jie Shi
Pages 265-270
 34. A Pilot Study Determining Optimal Protruding Node Length of Bicycle Seats Using Subjective Ratings
Yi-Lang Chen, Yi-Nan Liu, Che-Feng Cheng
Pages 271-277
 35. Variable Neighborhood Search with Path-Relinking for the Capacitated Location Routing Problem
Meilinda F. N. Maghfiroh, A. A. N. Perwira Redi, Vincent F. Yu
Pages 279-286
 36. Improving Optimization of Tool Path Planning in 5-Axis Flank Milling by Integrating Statistical Techniques
Chih-Hsing Chu, Chi-Lung Kuo
Pages 287-294
 37. A Multiple Objectives Based DEA Model to Explore the Efficiency of Airports in Asia–Pacific
James J. H. Liou, Hsin-Yi Lee, Wen-Chein Yeh
Pages 295-302
 38. A Distributed Constraint Satisfaction Approach for Supply Chain Capable-to-Promise Coordination
Yeh-Chun Juan, Jyun-Rong Syu
Pages 303-310
 39. Design and Selection of Plant Layout by Mean of Analytic Hierarchy Process: A Case Study of Medical Device Producer
Arthit Chaklang, Arnon Srisom, Chirakiat Saithong
Pages 311-318
 40. Using Taguchi Method for Coffee Cup Sleeve Design
Yiyo Kuo, Hsin-Yu Lin, Ying Chen Wu, Po-Hsi Kuo, Zhi-He Liang, Si Yong Wen
Pages 319-325
 41. Utilizing QFD and TRIZ Techniques to Design a Helmet Combined with the Wireless Camcorder
Shu-Jen Hu, Ling-Huey Su, Jhih-Hao Laio
Pages 327-334
 42. South East Asia Work Measurement Practices Challenges and Case Study
Thong Sze Yee, Zuraidah Mohd Zain, Bhuvanesh Rajamony
Pages 335-344
 43. Decision Support System: Real-Time Dispatch of Manufacturing Processes
Chung-Wei Kan, An-Pin Chen
Pages 345-352
 44. The Application of MFCA Analysis in Process Improvement: A Case Study of Plastics Packaging Factory in Thailand
Chompoonoot Kasemset, Suchon Sasiopars, Sugun Suwiphath
Pages 353-361
 45. Discussion of Water Footprint in Industrial Applications
Chung Chia Chiu, Wei-Jung Shiang, Chiuhsiang Joe Lin
Pages 363-370
 46. Mitigating Uncertainty Risks Through Inventory Management: A Case Study for an Automobile Company
Amy Chen, H. M. Wee, Chih-Ying Hsieh, Paul Wee

Pages 371-379

47. Service Quality for the YouBike System in Taipei

Jung-Wei Chang, Xin-Yi Jiang, Xiu-Ru Chen, Chia-Chen Lin, Shih-Che Lo

Pages 381-388

48. Replenishment Strategies for the YouBike System in Taipei

Chia-Chen Lin, Xiu-Ru Chen, Jung-Wei Chang, Xin-Yi Jiang, Shih-Che Lo

Pages 389-396

49. A Tagging Mechanism for Solving the Capacitated Vehicle Routing Problem

Calvin K. Yu, Tsung-Chun Hsu

Pages 397-404

50. Two-Stage Multi-Project Scheduling with Minimum Makespan Under Limited Resource

Calvin K. Yu, Ching-Chin Liao

Pages 405-413

Page of 4

[Next](#)

About these proceedings

Introduction

This book is based on the research papers presented during The Institute of Industrial Engineers Asian Conference 2013 held at Taipei in July 2013. It presents information on the most recent and relevant research, theories and practices in industrial and systems engineering. Key topics include:

Engineering and Technology Management

Engineering Economy and Cost Analysis

Engineering Education and Training

Facilities Planning and Management

Global Manufacturing and Management

Human Factors

Industrial & Systems Engineering Education

Information Processing and Engineering

Intelligent Systems

Manufacturing Systems

Operations Research

Production Planning and Control

Project Management

Quality Control and Management

Reliability and Maintenance Engineering

Safety, Security and Risk Management

Supply Chain Management

Systems Modeling and Simulation

Large scale complex systems

Keywords

Engineering Economy Engineering Education Engineering and Technology Management
Human Factors Manufacturing Systems Operations Research

Reliability and Maintenance Engineering Risk Management Supply Chain Management
Systems Modeling and Simulation

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Three Approaches to Find Optimal Production Run Time of an Imperfect Production System

Jin Ai, Ririn Diar Astanti, Agustinus Gatot Bintoro
and Thomas Indarto Wibowo

Abstract This paper considers an Economic Production Quantity (EPQ) model where a product is to be manufactured in batches on an imperfect production system over infinite planning horizon. During a production run of the product, the production system is dictated by two unreliable key production subsystems (KPS) that may shift from an in-control to an out-of-control state due to three independent sources of shocks. A mathematical model describing this situation has been developed by Lin and Gong (2011) in order to determine production run time that minimizes the expected total cost per unit time including setup, inventory carrying, and defective costs. Since the optimal solution with exact closed form of the model cannot be obtained easily, this paper considered three approaches of finding a near-optimal solution. The first approach is using Maclaurin series to approximate any exponential function in the objective function and then ignoring cubic terms found in the equation. The second approach is similar with first approach but considering all terms found. The third approach is using Golden Section search directly on the objective function. These three approaches are then compared in term computational efficiency and solution quality of through some numerical experiments.

Keywords EPQ model · Imperfect production system · Optimization technique · Approximation and numerical method

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1 Introduction

The problem considered in this paper had been formulated by Lin and Gong (2011) as follow. A product is to be manufactured in batches on an imperfect production system over an infinite planning horizon. The demand rate is d , and the production rate is p . The imperfectness of the system is shown on two imperfect key production subsystems (KPS) that may shift from an in-control to an out-of-control state due to three independent sources of shocks: source 1's shock causes first KPS to shift, source 2's shock causes second KPS to shift, and source 3's shock causes both KPS to shift. Each shock occurs at random time U_1 , U_2 , and U_{12} that follows exponential distribution with mean $1/\lambda_1$, $1/\lambda_2$, and $1/\lambda_{12}$, respectively. When at least one KPS on out-of-control state, consequently, the production system will produced some defective items with fixed but different rates: α percentage when first KPS out-of-control, β percentage when the second KPS out-of-control, and δ percentage when the both KPS out-of-control. The cost incurred by producing defective items when the first KPS is shifted, the second KPS is shifted, and both KPS are shifted are π_1 , π_2 , and π_{12} , respectively. The optimization problem is to determining optimal production run time τ that minimizes the expected total cost per unit time including setup, inventory carrying, and defective costs. It is noted that the unit setup cost is A and inventory carrying per unit per unit time is h .

As derived in Lin and Gong (2011), the objective function of this optimization model is given by following equations.

$$Z(\tau) = \frac{Ad}{p\tau} + \frac{h(p-d)\tau}{2} + \frac{d(\pi_1E[N_1(\tau)] + \pi_2E[N_2(\tau)] + \pi_{12}E[N_{12}(\tau)])}{p\tau} \tag{1}$$

$$E[N_1(\tau)] = p\alpha \left(\frac{1 - \exp[-(\lambda_2 + \lambda_{12})\tau]}{\lambda_2 + \lambda_{12}} - \frac{1 - \exp[-(\lambda_1 + \lambda_2 + \lambda_{12})\tau]}{\lambda_1 + \lambda_2 + \lambda_{12}} \right) \tag{2}$$

$$E[N_2(\tau)] = p\beta \left(\frac{1 - \exp[-(\lambda_1 + \lambda_{12})\tau]}{\lambda_1 + \lambda_{12}} - \frac{1 - \exp[-(\lambda_1 + \lambda_2 + \lambda_{12})\tau]}{\lambda_1 + \lambda_2 + \lambda_{12}} \right) \tag{3}$$

$$E[N_{12}(\tau)] = p\delta \left(\frac{\exp[-(\lambda_1 + \lambda_{12})\tau] + (\lambda_1 + \lambda_{12})\tau - 1}{\lambda_1 + \lambda_{12}} + \frac{\exp[-(\lambda_2 + \lambda_{12})\tau] + (\lambda_2 + \lambda_{12})\tau - 1}{\lambda_2 + \lambda_{12}} - \frac{\exp[-(\lambda_1 + \lambda_2 + \lambda_{12})\tau] + (\lambda_1 + \lambda_2 + \lambda_{12})\tau - 1}{\lambda_1 + \lambda_2 + \lambda_{12}} \right) \tag{4}$$

Although the problem is a single variable optimization, the optimal solution with exact closed form of the model cannot be obtained easily. Therefore, this paper considered three approaches of finding a near-optimal solution. These approaches are then compared through some numerical experiments.

2 Approaches of Finding a Near-Optimal Solution

2.1 First Approach

In this first approach, following Maclaurin series is applied to approximate any exponential function in the objective function.

$$\exp(-\lambda\tau) \approx 1 - \lambda\tau + \frac{1}{2!}(\lambda\tau)^2 - \frac{1}{3!}(\lambda\tau)^3 \tag{5}$$

Therefore after some algebra, the objective function can be approximated as following equations.

$$Z(\tau) \approx Z_1(\tau) = \frac{Ad}{p\tau} + \frac{H\tau}{2} - \frac{B\tau^2}{6} \tag{6}$$

$$H = h(p - d) + d(\pi_1\alpha\lambda_1 + \pi_2\beta\lambda_2 + \pi_{12}\delta\lambda_{12}) \tag{7}$$

$$B = d[\pi_1\alpha\lambda_1(\lambda_1 + 2\lambda_2 + 2\lambda_{12}) + \pi_2\beta\lambda_2(2\lambda_1 + \lambda_2 + 2\lambda_{12}) - \pi_{12}\delta(2\lambda_1\lambda_2 - \lambda_{12}^2)] \tag{8}$$

From calculus optimization, it is known that the necessary condition for obtaining the minimum value of Z_1 is set the first derivative equal to zero. Applying this condition for Eq. (6), it is found that

$$\frac{dZ_1(\tau)}{d\tau} = -\frac{Ad}{p\tau^2} + \frac{H}{2} - \frac{2B\tau}{6} = 0 \tag{9}$$

Equation (9) can be rewritten as

$$2B\tau^3 - 3H\tau^2 + 6Ad/p = 0. \tag{10}$$

If the cubic term in Eq. (10) is ignored, then a near-optimal solution of the first approach can be obtained as follow

$$\tau_1^* = \sqrt{\frac{2Ad}{p[h(p - d) + d(\pi_1\alpha\lambda_1 + \pi_2\beta\lambda_2 + \pi_{12}\delta\lambda_{12})]}} \tag{11}$$

2.2 Second Approach

The second approach is developed based on Eq. (9). Another near-optimal solution can be found as the root of this equation. Bisection algorithm can be applied here to find the root of this equation (τ_2^*) with lower searching bound of $\tau_L = 0$ and upper searching bound

$$\tau_U = \sqrt{\frac{2Ad}{ph(p-d)}} \quad (12)$$

It is noted that the lower bound is selected equal to zero due to the fact that the optimal production run time have to be greater than zero. While the upper bound is selected as Eq. (12) due to the fact that the optimal production run time in the presence of imperfectness, i.e. with non negative values of α , β , and δ , is always smaller than the optimal production run time of perfect production system, i.e. with zero values of α , β , and δ . Substituting $\alpha = \beta = \delta = 0$ to Eq. (11) provides the same value as optimal production run time of classical and perfect EPQ (Silver et al. 1998), as shown in the right hand side of Eq. (12). The detail of bisection algorithm can be found in any numerical method textbook, i.e. Chapra and Canale (2002).

2.3 Third Approach

The third approach is using pure numerical method to find the minimum value of Z based on Eq. (1). The Golden Section method is applied here using the same bound as the second approach. Therefore, the searching of the optimal production run time of this approach (τ_3^*) is conducted at interval $\tau_L \leq \tau_3^* \leq \tau_U$, where $\tau_L = 0$ and τ_U is determined using Eq. (12). Further details on the Golden Section method can be found in any optimization textbook, i.e. Onwubiko (2000).

3 Numerical Experiments

Numerical experiments are conducted in order to test the proposed approaches for finding the optimal production run time. Nine problems (P1, P2, ..., P9) are defined for the experiments and the parameters of each problem are presented in Table 1. The result of all approaches are presented in Table 2, which comprise of the optimal production run time calculated from each approach (τ_1^* , τ_2^* , τ_3^*) and their corresponding expected total cost [$Z(\tau_1^*)$, $Z(\tau_2^*)$, $Z(\tau_3^*)$]. Some metrics defined below are also presented in Table 2 in order to compare the proposed approaches.

In order to compare the proposed approaches, since the optimal expected total cost cannot be exactly calculated, the best expected total cost is defined as following equation

$$Z^* = \min\{Z(\tau_1^*), Z(\tau_2^*), Z(\tau_3^*)\} \quad (13)$$

three approaches. It is also shown in the Table 2 that $Z(\tau_1^*) > Z(\tau_2^*) > Z(\tau_3^*)$, while the deviations of the expected total cost of the first and second approaches are less than 1.0 and 0.2 %, respectively. Furthermore, it is found that production run time found by the three approaches are $\tau_1^* < \tau^* = \tau_3^* < \tau_2^*$. The deviations of the first approach solution from the best solution are less than 14.6 %, while the deviations of the second approach solution from the best solution are less than 5.8 %.

These results show that the first approach is able to find reasonable quality solution of the problems although its computational effort is very simple compare to other approaches. It is also implied from these result that the Maclaurin approximation used in the second approach is effective to support the second approach finding very close to best solution of the problems, although the computational effort of the second approach is higher than the computational effort of the first approach. Since the third approach is using the highest computational effort among the proposed approaches, it can provide the best solution of the problems.

4 Concluding Remarks

This paper proposed three approaches for solving Lin and Gong (2011) model on Economic Production Quantity in an imperfect production system. The first approach is incorporating Maclaurin series and ignoring cubic terms in the first derivative of total cost function. The second approach is similar with the first approach but incorporating all terms in the total cost function, then using Bisection algorithm for finding the root of the first derivative function. The third approach is using Golden Section method to directly optimize the total cost function. Numerical experiments show that the third approach is able to find the best expected total cost among the proposed approaches but using the highest computational effort. It is also shown that the first approach is able to find reasonable quality solution of the problems despite the simplicity of its computational effort.

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