In their OR (Operations Research) curricula, most universities place a lot of emphasis on teaching algorithms for solving a variety of standard mathematical models for solving optimum decision-making problems like linear programming, non-linear programming, integer programming, etc. and the mathematical analysis of their convergence properties and computational complexity. But they do not put much emphasis on helping their students cultivate the essential skill of constructing an appropriate mathematical model for real world decision-making problems, before these algorithms can be applied to solve them.

Textbooks used in optimization courses do contain some simple modeling examples, but each of them is specially prepared to illustrate the application of a specific algorithm under discussion. But when students graduate and start working, they face the reverse situation, they face unstructured real world problems for which they have to construct appropriate mathematical models, and decide on which algorithms to use for solving them to get good solutions. From simple examples in their textbooks, and college courses, these students cannot learn how to model the unstructured real world problems that they will face. Since a fundamental goal of education is to train students to be able to comfortably handle the work they will face on their job after graduation, we have here a contradiction in present day practices.

One remedy for this situation is to provide students a textbook of a collection of real cases of applications of optimum decision-making techniques from a variety of application areas which can, by examples, help them develop the modeling skill, that students can also use for self-study and self-learning. This is the main purpose of this book.

Applications of OR and optimization techniques are usually quantitative and data intensive. Obtaining satisfactory solutions for them needs specialized data handling and data analysis strategies. Surprisingly, so far, OR departments have not yet developed for OR curricula collections of cases of data intensive quantitative work amenable to OR techniques for optimum decision making. I, and the contributing authors, hope that this book addresses this pressing need for such good and realistic cases.
Style of the Book and Its Goals

Each chapter in the book will be a detailed case study of some challenging real world application of OR techniques, with all the data provided in a companion website that Springer has set up and maintains for this book. There will be two files: File 1 and 2 associated with each chapter. File 1 will only reside on the website for the book at Springer, with access given by Springer to all the readers of the book; it contains a brief description of the area of application, and of the problem, and the required outputs, and provides links to access all the data in the problem.

File 2 for the chapter is the book chapter. It contains a detailed description of the area of application (to make the readers familiar with the area), the scope for optimum decision-making techniques in the area, how to take advantage of any special structure in the data for the problem to construct a simpler mathematical model for it, different approaches for modeling and selecting algorithms for solving it, comparisons of the solutions obtained by these different approaches, and finally a recommendation on the best among them for implementation. If the problem is one that occurs periodically, the chapter describes how a DSS (Decision Support System) can be developed for solving it at the organization. As far as possible, the chapter should be in a style that students find engaging.

Methods for solving problems, considered in the book, will include not only ones like linear, nonlinear, integer programming with theoretically well established convergence criteria discussed in OR textbooks, but also simulation, heuristic methods like the greedy method with appropriately set up “greediness criterion;” which are not theoretically guaranteed to give the best solution, but have been verified to give good results in practice. In the book all methods including heuristics that give good solutions are considered.

So, the overall goals of this textbook are:

• To provide the readers with descriptions of the history and other background information on a variety of industries, and service or other organizations in which decision making is an important component of their daily operations. Also, in each of these organizations, give a list of possible applications of optimum decision-making techniques that can improve performance of these organizations. This information will provide very useful knowledge to students in their job interviews, and for them to settle in their jobs when they start working.
• To expose students to a variety of applications in a wide variety of areas. Since we clearly explain how each application is modeled and solved, and a variety of real applications are discussed, it helps the students develop the skill of modeling and solving the problems that they will face in their jobs.
• To teach students how to choose an appropriate model and algorithm to solve decision making problems.
• To teach students how to look for and take advantage of any special structure in the problem and the data for it, to simplify the model and algorithm used to solve it.
To provide in each chapter some project exercises for students to practice what they have learnt in the chapter. These could be some variants of the problem discussed in the chapter. Faculty can also use these exercises as project assignments in their courses.

**Brief Summaries of Chapters**

Chapter 1 titled “Intelligent modeling essential to get good results” describes a project carried out at HIT (Hong Kong International Terminals) in the Port of Hong Kong by K. G. Murty in collaboration with colleagues from Hong Kong University of Science and Technology and HIT, to optimize decision making in daily operations at the terminal, with the aim of increasing the productivity of the terminal measured by the GCR (Gross Crane Rate, the number of lifts (moves of the shore cranes either downloading an incoming container from a vessel, or loading an outgoing container into a vessel))/shore crane hour. The only models discussed in published literature at that time are 0–1 models. They found that these models are inappropriate for the problem, since the data used in the model changes even before the software outputs the solution of the model. The second model tried for this problem is a multicommodity flow model which was easier to solve, but produced poor results. Finally a real time model using a substitute objective function technique gave excellent results, and the team received the Edelman finalist award of INFORMS for this work.

Chapter 2 on the Locomotive Fueling Problem (LFP) is a contest problem set up by RAS (Railway Applications Society) of INFORMS in 2010. It deals with a decision-making problem faced by a railroad company using diesel locomotives, to determine which yards should be selected as locomotive fueling yards, and how many refueling trucks should be hired at those yards to minimize fuel related operating costs of the company. The original contest problem can be seen at the website: http://www.informs.org/Community/RAS/Problem-Solving-Competition/2010-RAS-Competition.

Chapter 3 deals with the problem of organizing national elections in the Indian Republic, a societal application. Due to concerns about terrorist disruptions at polling booths, there is a restriction that at each polling booth, 4 CPF (Central Police Force) personnel must be posted while polling is going on, and only 1.5 million CPF personnel are available for this. Hence polling over the whole country cannot be completed in a single day. The problem is to determine, subject to the specified constraints, the scheduling of different states of the country to different polling days, to minimize the number of polling days and the cost of moving CPF personnel from one set of states to the next over these polling days.

Chapter 4 deals with the decision making problems at a large Milk Producers Cooperative in India, the country that produces and consumes the maximum quantity of milk among all countries in the world.

Chapter 5 discusses an important application in the Health-care area. It deals with developing a DSS for use by a hospital to help new patients select for their care a PCP...
(Primary Care Physician) from their PCP doctors, with the objective of equalizing the workload on these doctors; and for allocating appointment times to patients calling for service, with the aim of minimizing delays and waiting times.

Chapter 6 features decision-making problems faced by an NPO (Non-Profit Organization) distributing solar cooking stoves to poor families in tropical countries.

Chapter 7 is another societal application. It deals with the civil engineering problem of finding an optimum design for an earth dam across a river, to minimize the cost of constructing it, subject to safety constraints that the dam will not collapse during heavy flooding situations.

Chapter 8 features the optimum scheduling of a multiunit pumped storage hydro power station during a short-term planning horizon, to maximize revenue at the prevailing market clearing price.

Chapter 9 deals with the problem of rebuilding the decaying water distribution infrastructure in municipalities to replace all the pipes using the same network topology to achieve present day pressure demands at junctions of the network at minimum cost.

Chapter 10 discusses an important application in the paper and paper board manufacturing industry. The major raw material in paper production is wood logs of a variety of species (conifers, casurina, eucalyptus, subabul, etc.). This chapter discusses the problem of making various decisions in the procurement of wood and the feeding of wood to the production line optimally.

Chapter 11 deals with the problem of finding an optimum design for the heat exchanger network to minimize the cost of hot and cold utilities used for bringing fluid streams in given sets of hot and cold streams to their target temperatures. This is a common problem in oil refineries and chemicals manufacturing industries.

Chapter 12 is a warehousing application. It deals with the problem of developing a DSS for a warehouse to store cuboidal boxes using storage space optimally.

Chapter 13 deals with the problem of determining the number of floating oil rigs to rent, route, and allocate for the drilling oil wells in the oil and gas fields in production in the North Sea to maximize the profit made by recovery and processing of oil/gas reserves.

Over the period of a 24-h day, the demand for electric power is higher during daylight hours than nighttime. The peak demand occurs during late afternoon; and its magnitude is nearly twice the demand level at 5:00 A.M., which is known as the base load level. Power companies usually have generators operating on cheaper fuel, producing power continuously throughout the day at base load level. It takes a long time to turn on these generators operating on cheaper fuel, that is why they are kept operating continuously once they are turned on. During daytime as demand for power increases (for airconditioning mostly, and other daytime uses), they turn on other generators running on more expensive fuels, to meet demand over the base load level, and switch these off in the evening as demand drops. If demand for power is at the same level throughout the day, meeting the demand would be much cheaper. The problem of meeting power demand over base load level economically is known as the “peak power problem.” Chapter 14 discusses a strategy for solving this peak power problem to meet extra demand for power for airconditioning needs during hotter day time hours using thermal energy storage.
Chapter 15 on “Optimal flight planning and performance for a jet aircraft” discusses the optimum choice of pilot inputs: thrust level, elevator deflection, and bank angle by quantifying them, and determining how their values affect the flight conditions and its route; and then using this framework for determining optimal flight conditions.

While the freight railroad industry has been in existence for about 200 years, the procedure used for aggregating freight railcars into “blocks” based on their destination yards and other attributes, and then assembling blocks into trains has essentially remained the same. This “Train design problem” discussed in Chapter 16 is a very important and difficult combinatorial optimization problem encountered in the freight railroad industry. This case study is based on a simplified real-life problem set-up under the 2011 RAS Problem Solving Competition by RAS (Railway Applications Society) of INFORMS, see https://www.informs.org/Community/RAS/Problem-Solving-Competition/2011-RAS-Problem-Solving-Competition.

Chapter 17 discusses efficient tools for solving 2D cutting stock problems in the sheet-metal products industry, and 1D cutting stock problems in the paper industry.

Chapter 18 features the problem of managing inventories of blood products in a blood bank efficiently.

Chapter 19 discusses the application of optimization techniques for packing cells inside traction batteries used for operating forklifts in companies, to maximize their lives.

An “operating room” is a unit in a hospital where surgical procedures are performed, it is estimated that they generate over 42% of hospital revenues. Chapter 20 discusses the important and complex problem of managing operating rooms in hospitals to minimize the idle time of both operating rooms and surgeons. The later part of this chapter on sequencing the various surgeries to be performed by a surgeon over the time of the day is based on the 5th AIMMS-MOPTA Optimization Modeling Competition 2013, see http://www.aimms.com.

Chapter 21 deals with the efficient scheduling of image acquisition, and image downlinking operations in satellite mission planning for earth observing satellites. It is a case study of mission planning operations of Canada’s Earth Observing Synthetic Aperture Radar (SAR) satellite RADARSAT-2.

In some coastal regions, they have ferry service carrying people and automobiles between various ports in the region. Companies operating the ferry service are often confronted with the problem of routing and scheduling the ferries to meet the travel demand between the various ports in the region during the planning horizon (typically from 5:00 A.M. to midnight in a day), while minimizing the cost of operations and any passenger dissatisfaction. Chapter 22 is a case study of such a ferry scheduling problem.
File 1s for the Various Chapters

For each chapter we have a File 1. It briefly explains the setting and the statement of the optimum decision-making problem discussed in the chapter, either provides all the data for the problem, or gives a link from where it can be accessed, and clearly describes the desired outputs.

For each chapter, File 1 is prepared so that instructors can modify some data elements in the problem, and then use it as a project exercise in their courses. File 1s for the various chapters can be accessed by users of the book on the book’s website at Springer.com; the link to which is: http://www.springer.com/business+%26+management/operations+research/book/978-1-4939-1006-9

A Final Caution

Clearly, making decisions optimally brings competitive advantages to the performance of organizations. But it is so easy to introduce an inappropriate or wrong model, and wrong equations into the model. To illustrate this, I mention the following puzzle:

“Three Ladies went to a hotel to share a room. The clerk asked for $300. Each Lady paid $100, making up the $300.

The hotel keeper then decided to allow a discount for the day, charging only $250 for the room. He told the clerk to return $50 to the three Ladies. The clerk pocketed $20 for himself. He gave the remaining $30 back to the three Ladies. Each Lady took back $10. Therefore, each Lady paid $100$ – $10 = $90 to the hotel.

$90 \times 3 = $270 + the
clerk’s $20 = $290. Question: Where has the remaining $10 gone?”
Case Studies in Operations Research
Applications of Optimal Decision Making
Murty, K.G. (Ed.)
2015, XXIV, 543 p. 163 illus., 93 illus. in color.,
Hardcover
ISBN: 978-1-4939-1006-9