Logistic service scheduling

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Abstract

Reasonable scheduling of logistics service supply chain is essential. To minimize the total cost of the service and maximize the satisfaction of the customers, we established two scheduling models based on the customer order decoupling point(CODP). One model ignores the relationship between the time window of supplier operation and the customer requirement, while the other one considering the relationship.

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1 Introduction

Nowadays logistics enterprises provide mass customization logistics services(MCLS) which allows customer to request customization service or mass service.

2 Model building

2.1 Problem describing

Assume there is a two-echelon logistics service supply chain(LSSC) with one logistics service integrator(LSI) and many functional logistic service providers(FLSP). The LSI may receive many orders from customers at a time. Each order consists of multiple service processes, which can be divided into two types, the customized service process and the mass service process. The service process of customers is conducted either being integrated into the mass service process or being operated independently as customized service. The LSI analyses the demand from customer and inquires the FLSPs of each service process about the time window for completing the service process.Then the LSI needs to schedule the orders and determine which process are conducted in mass mode and which are in customized mode.

2.2 Notation

The notation of the model are as follows:

Notation	Description
T_i^{exp}	The expect time for FLSP to complete ith process in offering mass service
T_i	The actual time FLSP takes to complete ith process in offering mass service
T_i^{ext}	The time LSI scheduled for ith process in mass service
T_{ij}^{exp}	The expect time for FLSP to complete ith process in customized mode for customer j
T_{ij}	The actual time FLSP takes to complete ith process in customized mode for customer j
T_{ij}^{ext}	The time LSI scheduled for customer j in ith process
T_j^{exp}	The custmoer j's expected completion time
T_{i+1}^{+}	In mass processes, the upper limit of the time delay incurred in the (i − 1)th service process which could be endured by the ith service process. It is determined by the rigid requirement caused by upstream and downstream operations of LSSC.
T_{i+1}^{-}	In mass processes, the upper limit of the time ahead of schedule incurred in the (i − 1)th service process which could be endured by the ith service process, which is determined by the rigid requirement caused by upstream and downstream operations of LSSC.

$T^{+}_{(i+1)j}$	In customized processes, for the jth customer order, the upper limit of the time delay incurred in the (i − 1)th service process which could be endured by the ith service process, which is determined by the rigid requirement caused by upstream and downstream operations of LSSC.
$T^{-}_{(i+1)j}$	In customized processes, for the jth customer order, the upper limit of the time ahead of schedule incurred in the (i − 1)th service process which could be endured by the ith service process, which is determined by the rigid requirement caused by upstream and downstream operations of LSSC.
C_i	The normal cost per unit time of ith process in offering mass service
C_i^{ext}	The extra cost per unit time of ith process in offering mass service
C_{ij}	The normal cost per unit time of ith process in offering customized service for customer j
C_{ij}^{ext}	The extra cost per unit time of ith process in offering customized service for customer j
P_i	The penalty per unit time of ith process in mass service if order is finished ahead of the expected time
P_{ij}	The penalty per unit time of ith process in customized service for customer j if order is finished ahead of the expected time
U_i	The lower limit of the satisfaction degree of the ith mass process.
U_{ij}	The lower limit of the satisfaction degree of the ith customized process of the jth customer order.
Z_1	The total cost
Z_2	The satisfaction
Z_3	The closeness degree of the actual order completion time and its customer requirement.
k	Before kth process the service is mass and after it will be customized
Y	The total number of orders
Y_j	The number of orders from jth customer
c	The cost coefficient
β	The requirement coefficient

Table 1: notation of the model

2.3 Assumption

According to the description we have following assumptions:

1. Each scheduling task aims at only one set of customer orders and no new orders are added
2. In terms of time scheduling, additional service costs are incurred.

3. The normal service time refers to the usual time needed in completing a task using FLSP capability. When the work is done in the expect time, the satisfaction of the FLSPs is the highest.

4. We assume that logistics service capacities in each process are adequate and thus there is not any capacities constraint.

2.4 Model Building

2.4.1 Ignore Customer Requirement

In the problem, the object is to reduce the cost Z_1 and increase the satisfaction Z_2. We calculate the cost Z_1 as follows:

$$Z_1 = f_1 + f_2 + f_3 \tag{1}$$

where

$$f_1 = \sum_{i=1}^{i=k-1} (T_i C_i + |T_i^{ext}| C_i^{ext}) \times Y \tag{2}$$

$$f_2 = \sum_{i=k}^{I_j} \sum_{j=1}^{J_0} (T_{ij} C_{ij} + |T_{ij}^{ext}| C_{ij}^{ext}) \times Y_j \tag{3}$$

$$f_3 = \sum_{i=1}^{i=k-1} |(T_i^{exp} - T_i - T_i^{ext})| P_i \times Y + \sum_{i=k}^{I_j} \sum_{j=1}^{J_0} |(T_{ij}^{exp} - T_{ij} - T_{ij}^{ext})| P_{ij} \times Y_j \tag{4}$$

f_1 is the cost of mass service and f_2 is the cost of customized service. f_3 is the penalty.
We define the satisfaction Z_2 via the relationship between the expected time and the actual time and the relationship between the cost of normal service and the total cost:

$$\begin{split} Z_2 = (\sum_{i=1}^{i=k-1} (1 - |\frac{T_i^{exp} - T_i}{T_i^{exp}}|)(\frac{T_i C_i}{T_i C_i + T_i^{ext} C_i^{ext}}) + \sum_{i=k}^{I_j} \sum_{j=1}^{J_0} (1 - |\frac{T_{ij}^{exp} - T_{ij}}{T_{ij}^{exp}}|)(\frac{T_{ij} C_{ij}}{T_{ij} C_{ij} + T_{ij}^{ext} C_{ij}^{ext}})) \\ \times (k - 1 + \sum_{j=1}^{J_0} (I_j - (k-1)))^{-1} \end{split} \tag{5}$$

As for restraints:

$$T_{i+1}^{-} \leq T_i^{exp} - T_i - T_i^{ext} \leq T_{i+1}^{+} \quad, i \leq k-1 \tag{6}$$

$$T_{(i+1)j}^{-} \leq T_{ij}^{exp} - T_{ij} - T_{ij}^{ext} \leq T_{(i+1)j}^{+} \quad, i > k \tag{7}$$

$$(1 - |\frac{T_i^{exp} - T_i}{T_i^{exp}}|)(\frac{T_i C_i}{T_i C_i + T_i^{ext} C_i^{ext}}) \geq U_i \tag{8}$$

$$(1 - |\frac{T_{ij}^{exp} - T_{ij}}{T_{ij}^{exp}}|)(\frac{T_{ij} C_{ij}}{T_{ij} C_{ij} + T_{ij}^{ext} C_{ij}^{ext}}) \geq U_{ij} \tag{9}$$

Because $Z_2 \in \{0,1\}$.Simplify the multiobjective programming model, We get:

$$\begin{aligned}
\min \quad & K_1 Z_1 + K_2(1 - Z_2) && (10)\\
\text{s.t.} \quad & T^-_{i+1} \le T_i^{exp} - T_i - T_i^{ext} \le T^+_{i+1} \quad ,i \le k-1 && (11)\\
& T^-_{(i+1)j} \le T_{ij}^{exp} - T_{ij} - T_{ij}^{ext} \le T^+_{(i+1)j} \quad ,i > k && (12)\\
& (1 - |\frac{T_i^{exp} - T_i}{T_i^{exp}}|)(\frac{T_i C_i}{T_i C_i + T_i^{ext} C_i^{ext}}) \ge U_i && (13)\\
& (1 - |\frac{T_{ij}^{exp} - T_{ij}}{T_{ij}^{exp}}|)(\frac{T_{ij} C_{ij}}{T_{ij} C_{ij} + T_{ij}^{ext} C_{ij}^{ext}}) \ge U_{ij} && (14)\\
& && (15)
\end{aligned}$$

K_1 and K_2 represents the weight of Z_1 and Z_2.

2.4.2 considering the Customer Requirement

Considering the relationship between time windows of supplier operation and customer requirement, we introduce a new variable Z_3 to describe the closeness of the actual order completion time and its customer requirement.

$$Z_3 = \sum_{j=1}^{J_0} \frac{T_j^{exp} - T_j}{T_j^{exp}} \frac{1}{J_0} \tag{16}$$

where

$$T_j = \sum_{i=1}^{i=k-1} (T_i + T_i^{ext}) + \sum_{i=k}^{I_j} \sum_{j=1}^{J_0} (T_{ij} + T_{ij}^{ext}) \tag{17}$$

T_j is the actual time to complete customer$j$'s order.
Hence, there are three objects. To simplify the multiobjective programming model, we restrain Z_1 to

$$Z_1 \le Z_1^{min} \times (1 + c) \tag{18}$$

where c is the cost coefficient and

$$Z_1^{min} = \sum_{i=1}^{i=k-1} T_i C_i \times Y + \sum_{i=k}^{I_j} \sum_{j=1}^{J_0} (T_{ij} C_{ij} \times Y_j \tag{19}$$

Considering the requirement of the customer we also add a constraints $T_j \le T_j^{exp}(1+\beta)$. Then we got:

$$\begin{aligned}
\min \quad & K_3 Z_3 + K_2(1 - Z_2) && (20)\\
\text{s.t.} \quad & T_j \le T_j^{exp}(1+\beta) && (21)\\
& T^-_{i+1} \le T_i^{exp} - T_i - T_i^{ext} \le T^+_{i+1} \quad ,i \le k-1 && (22)\\
& T^-_{(i+1)j} \le T_{ij}^{exp} - T_{ij} - T_{ij}^{ext} \le T^+_{(i+1)j} \quad ,i > k && (23)\\
& (1 - |\frac{T_i^{exp} - T_i}{T_i^{exp}}|)(\frac{T_i C_i}{T_i C_i + T_i^{ext} C_i^{ext}}) \ge U_i && (24)\\
& (1 - |\frac{T_{ij}^{exp} - T_{ij}}{T_{ij}^{exp}}|)(\frac{T_{ij} C_{ij}}{T_{ij} C_{ij} + T_{ij}^{ext} C_{ij}^{ext}}) \ge U_{ij} && (25)\\
& Z_1 \le Z_{1min} && (26)
\end{aligned}$$

K_2 and K_3 represents the weight of Z_2 and Z_3