Midterm Project 1 – Supply chain solutions

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```
(These "solutions" just provide a sketch and demonstrate some code; I didn't write a report...)
import numpy as np
from scipy.optimize import linprog
from math import inf
from itertools import product
warehouse_cities = [ 'Santa Fe',
                      'El Paso',
                      'Tampa Bay'
store_cities = [ 'Chicago',
                  'LA',
                  'NY',
                  'Houston',
                  'Atlanta'
                 ]
vertices=[ 'Source',
           *warehouse_cities,
           *store_cities,
           'Demand'
          ]
supplies = { 'Santa Fe': 700,
             'El Paso': 200,
             'Tampa Bay': 200
demand = { 'Chicago': 200,
           'LA': 200,
           'NY': 250,
           'Houston': 300,
           'Atlanta': 150
          }
def ship_costs(f,t):
    match (f,t):
        case 'Source',_:
                                       # no shipping cost for "shipments" from source to warehouse
            return 0
        case _,'Demand':
                                       # no shipping costs for "shipments" from store to customers
            return 0
```

```
case 'Santa Fe','Chicago':
            return 6
        case 'Santa Fe','LA':
           return 3
        case 'Santa Fe','Houston':
            return 3
        case 'Santa Fe','Atlanta':
            return 7
        case 'El Paso','LA':
            return 7
        case 'El Paso','Houston':
            return 2
        case 'El Paso','Atlanta':
            return 5
        case 'Tampa Bay','NY':
            return 7
        case 'Tampa Bay','Houston':
           return 6
        case 'Tampa Bay','Atlanta':
            return 4
        case _:
            return inf
def relay_costs(f,t):
    match (f,t):
        case 'Houston','Chicago':
            return 4
        case 'Houston','LA':
            return 5
        case 'Houston','NY':
            return 6
        case 'Houston','Atlanta':
            return 2
        case 'Atlanta','Chicago':
            return 4
        case 'Atlanta','NY':
            return 5
        case 'Atlanta','Houston':
            return 2
        case _:
            return inf
We now create the edges of our network flow.
edges_source = [ { 'from': 'Source',
                   'to': c,
                   }
                for c in warehouse_cities ]
```

```
edges_demand = [ { 'from': c,
                   'to': 'Demand',
                 for c in store_cities
edges_ship = [ { 'from': source,
                 'to': dest,
               for source,dest in product(warehouse_cities,store_cities)
               if ship_costs(source,dest) != inf
edges_relay = [ { 'from': source,
                  'to': dest,
                for source,dest in product(store_cities,store_cities)
                if relay_costs(source,dest) != inf
               ]
edges = edges_source + edges_ship + edges_relay + edges_demand
And we can use the vertices and edges to produce a diagram of the network flow, using graphviz.
from graphviz import Digraph as GVDigraph
dot = GVDigraph("example",format='png')
dot.attr(rankdir='LR')
dot.node('Source')
with dot.subgraph(name='warehouse') as c:
    c.attr(rank='same')
    for vertex in warehouse_cities:
        c.node(vertex)
with dot.subgraph(name='hubs') as c:
    c.attr(rank='same')
    for vertex in hubs:
        c.node(vertex)
with dot.subgraph(name='stores') as c:
    c.attr(rank='same')
    for vertex in store cities:
        if not (vertex in hubs):
            c.node(vertex)
c.node('Demand')
for e in edges:
# dot.edge(e["from"],e["to"],label=f"costs {e['ship_costs']}")
```

```
dot.edge(e["from"],e["to"])
dot.render('graph.png')
Now we need to create the objective function for the linear program that we will use to minimize shipping costs.
We first create the objective vector for the "costs" linear program:
# return a standard basis vector
# these are "0-indexed" e.q. sbv(0,3) == [1,0,0]
def sbv(index,size):
    return np.array([1.0 if i == index else 0.0 for i in range(size)])
# we first create the vector for the costs for shipments from warehouse cities to store cities
ship_costs_obj = sum([ ship_costs(e['from'],e['to'])*sbv(edges.index(e),len(edges))
                       for e in edges_ship])
ship costs obj
array([0., 0., 0., 6., 3., 3., 7., 7., 2., 5., 7., 6., 4., 0., 0., 0., 0.,
       0., 0., 0., 0., 0., 0., 0., 0.])
# we then create the vector for the relay costs
relay_costs_obj = sum([ relay_costs(e['from'],e['to'])*sbv(edges.index(e),len(edges))
                        for e in edges_relay])
relay_costs_obj
=>
4., 5., 2., 0., 0., 0., 0., 0.])
# the objective function is then the vector sum of the previous two results
costs_obj = ship_costs_obj + relay_costs_obj
costs obj
=>
array([0., 0., 0., 6., 3., 3., 7., 7., 2., 5., 7., 6., 4., 4., 5., 6., 2.,
       4., 5., 2., 0., 0., 0., 0., 0.])
Next, we need to represent the conservation laws for each interior vertex of our network flow.
We first need to be able to identify interior vertices; we use the following code:
def getIncoming(vertex,edges):
    return [ e for e in edges if e["to"] == vertex ]
def getOutgoing(vertex,edges):
    return [ e for e in edges if e["from"] == vertex ]
def isSource(vertex,edges):
    return getIncoming(vertex,edges) == []
def isSink(vertex,edges):
    return getOutgoing(vertex,edges) == []
def interiorVertices(vertices,edges):
    return [ v for v in vertices if not( isSource(v,edges) or isSink(v,edges) ) ]
Observe that this code indeed finds our interior vertices:
interiorVertices(vertices,edges)
['Santa Fe', 'El Paso', 'Tampa Bay', 'Chicago', 'LA', 'NY', 'Houston', 'Atlanta']
```

Now we can create the *conservation laws matrix* for our network flow. This matrix has one row for each interior vertex of the network flow; this row expresses the relation that the sum of flow through edges *to* the vertex is equal to the sum of flow through edges *from* the vertex.

We use the following code:

```
def conservationLaw(vertex,edges):
   ii = sum([ sbv(edges.index(e),len(edges)) for e in getIncoming(vertex,edges) ])
   oo = sum([ sbv(edges.index(e),len(edges)) for e in getOutgoing(vertex,edges) ])
   return ii - oo
conservationMatrix =np.array([conservationLaw(v,edges) for v in interiorVertices(vertices,edges) ])
And we can inspect this matrix:
conservationMatrix
array([[ 1., 0., 0., -1., -1., -1., -1., 0., 0., 0., 0., 0., 0.,
       [0., 1., 0., 0., 0., 0., -1., -1., -1., 0., 0., 0.,
       0., 0., 0., 0.,
                         0., 0., 0., 0.,
                                          0.,
                                               0., 0., 0.],
                    0.,
                         0.,
      [ 0., 0., 1.,
                             0., 0., 0.,
                                          0.,
                         0.,
        0., 0., 0.,
                                               0.,
                    0.,
                             0., 0., 0.,
                                          0.,
                         0.,
      [0., 0., 0., 1.,
                             0., 0.,
                                      0.,
                                          0.,
                                               0.,
                         1.,
                             0.,
                                 0., -1.,
                                               0.,
       1., 0., 0., 0.,
                                          0.,
                                                   0., 0.],
                         1.,
                                               0.,
      [0., 0., 0., 0.,
                             0., 0., 1.,
                                          0.,
                                                   0., 0.,
                         0.,
                                               0.,
                                                   0., 0.],
       0., 1., 0., 0.,
                             0., 0., 0., -1.,
                         0.,
      [ 0., 0., 0., 0.,
                             0.,
                                 0., 0.,
                                          0.,
                                               0.,
                                                   1., 0., 0.,
                         0.,
                1., 0.,
                             1.,
                                 0.,
                                      0.,
                                          0., -1.,
                                                       0.],
                        0.,
                                 0.,
                                      0.,
                                          1.,
      [0., 0., 0., 0.,
                             1.,
                                               0.,
       -1., -1., -1., -1., 0., 0., 1.,
                                          0.,
                                               0., -1., 0.
                                      0.,
      [0., 0., 0., 0., 0., 1.,
                                          0., 1., 0., 0., 1.,
                                      0.,
       0., 0., 0., 1., -1., -1., -1., 0.,
                                          0.,
                                               0.,
                                                   0., -1.]])
```

The linear program we will use to minimize shipping costs has *equality constraints*.

- The conservation laws that we just created will be expressed as *equality constraints*
- When minimizing the shipping costs, we ship all available ducks from the warehouses, and we meet demand in the store cities. Thus, we implement the supply and demand as *equality constraints* in our linear program.

More precisely, for each warehouse city w, the variable corresponding to edge {'from':'Source','to':w} is equated with the quantity supplies[w].

Similarly, for each store city w, the variable corresponding to the edge {'from':w,'to':'Demand'} is equated with the quantity demand[s].

We create the pair Aeq_costs, beq_costs determining the equality constraints using the following code:

```
# return the edge with 'from': f and 'to': t
#
def lookupEdge(f,t):
    r = list(filter(lambda x: x['from'] == f and x['to'] == t, edges))
    if r != []:
        return r[0]
    else:
        return "error"

def lookupEdgeIndex(f,t):
    r = lookupEdge(f,t)
    return edges.index(r)
```

```
Aeq_costs = np.concatenate([ conservationMatrix,
                                [ sbv(lookupEdgeIndex('Source',w),len(edges))
                                  for w in warehouse_cities ],
                                [ sbv(lookupEdgeIndex(s, 'Demand'), len(edges))
                                  for s in store_cities ]
                               ],axis=0)
beq_costs = np.concatenate([ np.zeros(len(conservationMatrix)),
                                [ supplies[w] for w in warehouse_cities ],
                                [ demand[s] for s in store_cities ]
                               1)
Finally, we need to create inequality constraints reflecting the condition that we can't ship more than 200 ducks along any single
The pair Aub_costs, bub_costs implement these constraints; these quantities are created by the following code:
# create inequality constraint matrix
# initially the only thing to account for is "can't ship more than 200 ducks"
Aub_costs = np.array([ sbv(edges.index(e),len(edges)) for e in edges_ship ]
                       + [ sbv(edges.index(e),len(edges)) for e in edges_relay ])
bub_costs = np.array([ 200 for e in edges_ship]
                       + [ 200 for e in edges_relay ] )
We are now ready to run the linear program which minimizes shipping costs.
costs_result = linprog(costs_obj,
                         A_{eq} = A_{eq} = A_{eq}
                         b_eq = beq_costs,
                         A_ub = Aub_costs,
                         b_ub = bub_costs
We see that the minimal shipping costs are $5,300.00:
costs_result.fun
=>
5300.0
```

And we can see the required shipping levels by inspecting costs_result.x. Let's view a report of this information:

```
def report(x):
   for (val,e) in zip(x,edges):
       print(f"{e['from']:10} \rightarrow {e['to']:10}: {val: 7.2f}")
report(costs_result.x)
=>
Source
        -> Santa Fe : 700.00
Source
        -> El Paso : 200.00
        -> Tampa Bay : 200.00
Source
Santa Fe -> Chicago : 200.00
Santa Fe -> LA
                : 200.00
Santa Fe -> Houston : 200.00
Santa Fe -> Atlanta : 100.00
El Paso
         -> LA : 0.00
El Paso
         -> Houston : 200.00
```

-> Atlanta : -0.00

El Paso

```
Tampa Bay -> NY
             : 200.00
Tampa Bay -> Houston : 0.00
Tampa Bay -> Atlanta :
                     0.00
                     0.00
        -> Chicago :
Houston
Houston
                  :
        -> LA
                      0.00
Houston -> NY
                 : 50.00
Houston -> Atlanta : 50.00
                     0.00
      -> Chicago :
Atlanta
        -> NY
                     0.00
Atlanta
              :
Atlanta -> Houston :
                     0.00
       -> Demand : 200.00
Chicago
        -> Demand : 200.00
LA
NY
       -> Demand : 250.00
Houston -> Demand : 300.00
Atlanta -> Demand : 150.00
```

Los Angeles potential strike scenario

Meeting worker demands

def LA_demand_ship_costs(f,t):

We first model the consequences on our shipping costs of meeting the workers demands.

We model the shipping costs and the relay costs with new functions, as follows:

```
match (f,t):
        case (_,'LA'):
            return 2*ship_costs(f,t) ## double shipping costs to LA
        case _:
            return ship_costs(f,t)
def LA_demand_relay_costs(f,t):
    match (f,t):
        case (_,'LA'):
            return 2*relay_costs(f,t)
                                           ## double shipping costs to LA
        case _:
            return relay_costs(f,t)
In order to use these altered shipping costs in a linear program, we use the to produce a new objective vector:
LA_demand_ship_costs_obj = sum([ LA_demand_ship_costs(e['from'],e['to'])*sbv(edges.index(e),len(edges))
                        for e in edges_ship])
LA_demand_relay_costs_obj = sum([ relay_costs(e['from'],e['to'])*sbv(edges.index(e),len(edges))
                         for e in edges_relay])
LA_demand_costs_obj = LA_demand_ship_costs_obj + LA_demand_relay_costs_obj
We can now run the linear program and see the consequences:
LA_demand_costs_result = linprog(LA_demand_costs_obj,
                                  A_eq = Aeq_costs,
                                  b_eq = beq_costs,
                                  A ub = Aub_costs,
                                  b_ub = bub_costs
                                  )
```

We see that our shipping costs indeed increase, to \$5,900.00 – i.e. the costs increase by \$600.

```
LA_demand_costs_result.fun => 5900.0
```

And we can see the details of how our shipping choices will be affected.

```
report(LA_demand_costs_result.x)
=>
         -> Santa Fe :
Source
                       700.00
Source
         -> El Paso : 200.00
Source
        -> Tampa Bay : 200.00
Santa Fe -> Chicago : 200.00
Santa Fe
                      200.00
         -> LA
                    :
Santa Fe -> Houston : 200.00
Santa Fe -> Atlanta : 100.00
        -> LA
El Paso
                       0.00
El Paso
        -> Houston : 200.00
El Paso -> Atlanta : -0.00
Tampa Bay -> NY : 200.00
Tampa Bay -> Houston
                   : 0.00
Tampa Bay -> Atlanta
                        0.00
                   :
Houston
         -> Chicago
                   :
                       0.00
Houston
         -> LA
                    :
                       0.00
                      50.00
         -> NY
Houston
                    :
Houston
        -> Atlanta : 50.00
Atlanta -> Chicago : 0.00
         -> NY
                        0.00
Atlanta
                       0.00
Atlanta
         -> Houston
                   :
         -> Demand : 200.00
Chicago
LA
         -> Demand : 200.00
NY
        -> Demand : 250.00
Houston
         -> Demand :
                      300.00
       -> Demand : 150.00
Atlanta
```

Consequences of a strike in LA

In order to model the results of a strike, the inequality constraints used by our linear program must be changed to reflect the reduced shipping capacity caused by the strike.

We can now run the linear program modeling a strike in LA:

In the strike scenario, our costs go up to \$6050.00. Indeed:

```
LA_strike_costs_result.fun
6050.0
report(LA_strike_costs_result.x)
Source -> Santa Fe : 700.00
       -> El Paso : 200.00
Source
Source -> Tampa Bay : 200.00
Santa Fe -> Chicago : 200.00
Santa Fe -> LA
                : 100.00
Santa Fe -> Houston : 200.00
Santa Fe -> Atlanta : 200.00
        -> LA
El Paso
                       0.00
El Paso
        -> Houston : 200.00
El Paso
        -> Atlanta : 0.00
Tampa Bay -> NY : 200.00
Tampa Bay -> Houston : 0.00
                       0.00
Tampa Bay -> Atlanta :
Houston -> LA : 100.1
-> NY : 0.00
Houston -> Atlanta : 0.00
Atlanta -> Chicago : -0.00
Atlanta -> NY
               : 50.00
Atlanta
        -> Houston : 0.00
        -> Demand : 200.00
Chicago
LA
        -> Demand : 200.00
NY
        -> Demand : 250.00
        -> Demand : 300.00
Houston
        -> Demand
                 : 150.00
Atlanta
```

In this case, the strike is \$150 more costly – raising our costs to \$6,050 – than the demand scenario – which only raises our costs to \$5,900.

So unless there are relevant issues not considered here, we should probably agree to the LA workers demands.

Houston potential strike scenario

We now model the same situation as contemplated in LA, but instead for the city Houston.

Meeting worker demands

We model the shipping costs and the relay costs with new functions, as follows:

```
def Houston_demand_ship_costs(f,t):
    match (f,t):
    case (_,'Houston'):
```

```
return 2*ship_costs(f,t)
                                      ## double shipping costs to Houston
       case _:
           return ship_costs(f,t)
def Houston_demand_relay_costs(f,t):
   match (f,t):
       case (_,'Houston'):
           return 2*relay_costs(f,t)
                                     ## double shipping costs to Houston
       case _:
           return relay_costs(f,t)
Using these new costs functions, we define the objective vector for the linear program minimizing costs if we meet worker demands,
and we run the corresponding linear program:
Houston_demand_ship_costs_obj = sum([ Houston_demand_ship_costs(e['from'],e['to'])*sbv(edges.index(e),len(
                      for e in edges_ship])
Houston_demand_relay_costs_obj = sum([ relay_costs(e['from'],e['to'])*sbv(edges.index(e),len(edges))
                       for e in edges_relay])
Houston_demand_costs_obj = Houston_demand_ship_costs_obj + Houston_demand_relay_costs_obj
# results
Houston_demand_costs_result = linprog(Houston_demand_costs_obj,
                                     A_eq = Aeq_costs,
                                     b_eq = beq_costs,
                                     A_ub = Aub_costs,
                                     b_ub = bub_costs
Under the demand scenario in Houston, our costs go up to $6250.00.
Houston_demand_costs_result.fun
=>
6250.0
report(Houston_demand_costs_result.x)
=>
Source
         -> Santa Fe : 700.00
         -> El Paso : 200.00
Source
Source
          -> Tampa Bay : 200.00
Santa Fe -> Chicago : 200.00
Santa Fe -> LA
                     : 200.00
Santa Fe -> Houston : 100.00
Santa Fe -> Atlanta : 200.00
El Paso -> LA :
                           0.00
El Paso
        -> Houston : 200.00
El Paso
          -> Atlanta : -0.00
Tampa Bay \rightarrow NY : 200.00
Tampa Bay -> Houston :
                           0.00
                           0.00
Tampa Bay -> Atlanta :
Houston
          -> Chicago :
                            0.00
Houston \rightarrow LA : 0.00
Houston -> NY
                      : 0.00
```

```
-> Atlanta :
Houston
                        0.00
Atlanta -> Chicago :
                       0.00
Atlanta -> NY
               : 50.00
       -> Houston
                   :
Atlanta
                      0.00
        -> Demand : 200.00
Chicago
LA
        -> Demand : 200.00
NY
        -> Demand : 250.00
                     300.00
Houston
        -> Demand
        -> Demand : 150.00
Atlanta
```

Strike in Houston

We now model the consequences on our shipping costs of a strike in Houston. As before, we have to modify the inequality constraints Aub, bub. We do this in the same manner as we did for the LA situation, and we run the resulting linear program.

The result shows that our shipping costs go up to \$6050 in the case of a strike in Houston:

```
Houston_strike_costs_result.fun
=>
6050.0
report(Houston_strike_costs_result.x)
Source
         -> Santa Fe : 700.00
Source
         -> El Paso : 200.00
Source -> Tampa Bay : 200.00
Santa Fe
         -> Chicago :
                      200.00
Santa Fe -> LA
                    : 200.00
Santa Fe -> Houston : 100.00
Santa Fe -> Atlanta : 200.00
El Paso
         -> LA :
                       -0.00
El Paso
        -> Houston : 100.00
El Paso -> Atlanta : 100.00
Tampa Bay -> NY : 200.00
Tampa Bay -> Houston : 0.00
Tampa Bay -> Atlanta :
                        0.00
                        0.00
Houston
         -> Chicago :
```

```
: 0.00
Houston -> LA
Houston -> NY : 0.00
Houston -> Atlanta : 0.00
Atlanta -> Chicago : -0.00
Atlanta
        -> NY
              : 50.00
Atlanta
       -> Houston : 100.00
Chicago
       -> Demand : 200.00
       -> Demand : 200.00
LA
NY
       -> Demand : 250.00
Houston -> Demand : 300.00
Atlanta -> Demand : 150.00
>>>
```

Thus meeting the worker demands costs \$200 more than allows the strike. Perhaps the best strategy is to continue to negotiate with the Houston workers...

Profit

In order to maximize profit, we need to create the appropriate objective function.

We define a vector sales such that for a vector x of shipping values, sales · x returns the profit from sales of the corresponding ducks.

```
def profit(e):
    match e['from'],e['to']:
        case 'Santa Fe', 'Demand':
            return -8
        case 'El Paso','Demand':
           return -5
        case 'Tampa Bay', 'Demand':
           return -10
        case 'Chicago','Demand':
           return 15
        case 'NY','Demand':
            return 25
        case 'Houston','Demand':
           return 10
        case 'Atlanta','Demand':
           return 10
        case 'LA', 'Demand':
            return 20
        case _:
           return 0
sales = np.array([ profit(e) for e in edges])
```

Now the objective function for the profit linear program is given by sales - ship_costs-obj, where ship_costs_obj was the vector computing the shipping costs.

```
profit_obj = sales - ship_costs_obj
```

Now, when maximizing profit, we no longer want to require that we use all available supplies, and we don't want to require that we meet demand in each store.

Thus, we will view the values in the suplies and demand variables as *upper bounds*.

Thus our equality constraints for the profit linear program will just be the conservation laws:

```
Aeq_profit = conservationMatrix
beq_profit = np.zeros(len(conservationMatrix))
```

And the inequality constraints will be determined by the pair Aub_profit, bub_profit where

```
Aub_profit = np.concatenate([ [ sbv(edges.index(e),len(edges)) for e in edges_ship ],
                               [ sbv(edges.index(e),len(edges)) for e in edges_relay ],
                               [ sbv(lookupEdgeIndex('Source',w),len(edges))
                                 for w in warehouse_cities ],
                               [ sbv(lookupEdgeIndex(s,'Demand'),len(edges))
                                 for s in store_cities]
                             , axis=0)
bub_profit = np.concatenate([ [ 200 for e in edges_ship],
                               [ 200 for e in edges_relay ],
                               [ supplies[w] for w in warehouse_cities ],
                               [ demand[s] for s in store_cities ]
                              ])
We now run the linear program maximizing profit:
profit_result = linprog((-1)*profit_obj,
                         A_eq = Aeq_profit,
                         b_eq = beq_profit,
                         A_ub = Aub_profit,
                         b_ub = bub_profit)
```

This shows that the maximum profit is \$13,450.00.

```
profit_result.fun
-13450.0
```

```
report(profit_result.x)
Source -> Santa Fe : 700.00
       -> El Paso : 200.00
Source
Source -> Tampa Bay : 200.00
Santa Fe -> Chicago : 200.00
Santa Fe -> LA : 200.00
Santa Fe -> Houston : 200.00
Santa Fe -> Atlanta : 100.00
El Paso -> LA : 0.00
El Paso
       -> Houston : 200.00
El Paso
        -> Atlanta :
                     -0.00
Tampa Bay -> NY
                      0.00
Tampa Bay -> Houston : -0.00
Tampa Bay -> Atlanta : 200.00
Houston
        -> Chicago : -0.00
Houston -> LA
                      0.00
Houston -> NY
               : 200.00
Houston -> Atlanta : 0.00
Atlanta -> Chicago :
                      0.00
Atlanta -> NY
                 : 50.00
Atlanta -> Houston : 100.00
       -> Demand : 200.00
Chicago
LA
        -> Demand : 200.00
NY
        -> Demand : 250.00
Houston -> Demand : 300.00
Atlanta
        -> Demand
                      150.00
```

Notice that our profit was maximimized by using all available supplies (700 ducks in Santa Fe, 200 each in El Paso and in Tampa Bay) and by meeting demand in the stores (200 ducks in Chicago, 200 in LA, 250 in NY, 300 in Houston and 150 in Atl).