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Subject : Quantitative Management Modelling

Problem 1:

a. Define the Decision variables.

X = no. of Collegiate produced per week

Y = no. of Mini produced per week

b. Objective Function (what quantity of each type of backpack to be produced per week)

Z(Maximizing profit) = $32X + 24Y$

where,

- i. profit per unit of Collegiate(X) is \$ 32.
- ii. profit per unit of Mini(Y) is \$ 24.

c. Constraints

- i. $3X + 2Y \leq 5000$ (3 Sq.ft of nylon sheet per unit of Collegiate(x) and 2 sq.ft per unit of Mini(y) with in the total capacity of 5000 sq.ft of rip resistant nylon fabric)
- ii. $X \leq 1000$ (quantity of collegiate(x) should be less than or equal to 1000 units)
 $Y \leq 1200$ (quantity of Mini(y) should be less than or equal to 1200 units)
- iii. $45X + 40Y \leq 84000$ (45 minutes per labor produce of collegiate and 40 minutes per labor produce of Mini is less than or equal to 84000 minutes (35 laborers * 40 hours * 60 minutes) of labor per week)

d. Mathematical Formulation:

$Z = 32X + 24Y$

where:

$X \leq 1000$ & $Y \leq 1200$, (which are non-negative constraints)

and is subject to time constraints:

$45X + 40Y \leq 84000$ (35 laborers * 40 hours * 60 minutes) [in minutes]

Or

$(\frac{3}{4})X + (\frac{2}{3})Y \leq 1400$ (35 laborers * 40 hours) [in hours]

(45 minutes = $\frac{3}{4}$ hours)

(40 minutes = $\frac{2}{3}$ hours)

Problem 2:

a. Decision variables:

Let X be the large size product.

Let Y be the medium size product.

Let Z be the small size product.

Decision variables for all three plants:

Plant	Large	Medium	Small
Plant- 1	X ₁	Y ₁	Z ₁
Plant- 2	X ₂	Y ₂	Z ₂
Plant- 3	X ₃	Y ₃	Z ₃

b. Formulation of Linear programming Model

Objective Function: (How much of each of the Sizes should be produced by each of the plants to maximize profit)

$$Z \text{ (Maximizing profit)} = 420 (X_1 + X_2 + X_3) + 360 (Y_1 + Y_2 + Y_3) + 300 (Z_1 + Z_2 + Z_3)$$

Subject to Constraints:

Excess Production Capacity Constraints:

$$X_1 + Y_1 + Z_1 \leq 750 \text{ (Excess Production capacity of Plant 1 is 750 units per day)}$$

$$X_2 + Y_2 + Z_2 \leq 900 \text{ (Excess Production Capacity of Plant 2 is 900 units per day)}$$

$$X_3 + Y_3 + Z_3 \leq 450 \text{ (Excess Production Capacity of Plant 3 is 450 units per day)}$$

Storage Capacity Constraints:

$$20X_1 + 15Y_1 + 12Z_1 \leq 13000 \text{ (Storage capacity of Plant 1 is 13000 Square feet)}$$

$$20X_2 + 15Y_2 + 12Z_2 \leq 12000 \text{ (Storage Capacity of Plant 2 is 12000 Square feet)}$$

$$20X_3 + 15Y_3 + 12Z_3 \leq 5000 \text{ (Storage Capacity of Plant 3 is 5000 Square feet)}$$

Sales forecast Constraints:

$$X_1 + X_2 + X_3 \leq 900 \text{ (900 units from plant 1 to be sold per day)}$$

$$Y_1 + Y_2 + Y_3 \leq 1200 \text{ (1200 units from plant 2 to be sold per day)}$$

$$Z_1 + Z_2 + Z_3 \leq 750 \text{ (750 units from plant 3 to be sold per day)}$$

Where $X_x, Y_x, Z_x \geq 0$

At each plant, as a result of the excess capacity, employees will need to be laid off. So, the management decided that the plants should use the same percentage of the excess capacity to produce the new product.

Therefore, the percentage of excess capacity used should be:

$$(X_1 + Y_1 + Z_1) / 750 = (X_2 + Y_2 + Z_2) / 900 = (X_3 + Y_3 + Z_3) / 450$$

Where $X_1, X_2, X_3, Y_1, Y_2, Y_3, Z_1, Z_2, Z_3 \geq 0$ (non-negative constraints)