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Lecture
Lecture questions due Oct 11, 2016 at 19:30 IST

Recitation

Problem Set 5
Homework 5 due Oct 11, 2016 at 19:30 IST

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Bookmark

Pricing Out Exercise

(1 point possible)

Suppose the storage capacity used in making one unit of champagne glasses was 22 instead of 10. What is the reduced cost? Round to the nearest integer.

0 ✖ **Answer:** -1.0

0

EXPLANATION

Solution

The correct answer is -1.0.

We change the capacity coefficient from 10 to 22. To determine the reduced cost, we can then subtract the product of the constraint coefficients and shadow prices from the cost coefficient, resulting in $6 - (8 \times \frac{11}{14}) - (22 \times \frac{1}{35}) = \frac{420}{70} - \frac{440}{70} - \frac{44}{70} = \frac{-64}{70} = -0.91$

You have used 2 of 2 submissions

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