

Proceeding of the 7<sup>th</sup> International Conference on:  
**The Modern Information Technology  
in the Innovation processes of the  
Industrial Enterprises**



University of Genoa  
DIPTM



ECIG

**GENOA, ITALY  
SEPTEMBER 8-9, 2005**

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**EDITED BY:  
Roberto Mosca  
Flavio Tonelli  
Riccardo Melioli**

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**ISBN: 88-7544-050-6**

**THE MODERN INFORMATION TECHNOLOGY IN THE  
INNOVATION PROCESS OF THE INDUSTRIAL ENTERPRISES**

**MITIP 2005**

**Proceedings  
7<sup>th</sup> International Conference  
September 8 – 9, 2005  
Genoa, Italy**



**Department of Engineering of the Production, Thermo-Energetic and  
Mathematical Models (DIPTeM)**

**University of Genoa**

EDITED BY:  
Roberto Mosca  
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Riccardo Melioli

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ISBN: 88-7544-050-6

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## Author Index

Adam Otmar adam@iwi.uni-sb.de	Gamberini Rita gamberini.rita@unimore.it	Nozar Martin mnozar@kpv.zcu.cz
Aschenbrennerova Melena helen@kpv.zcu.cz	Gerosa Marco	Okongwu Uche u.okongwu@esc-toulouse.fr
Balan Emilia emiliabalan@yahoo.com	Grabis Jānis grabis@itl.rtu.lv	Petre Mihai pmihai2002@yahoo.com
Carcano Omar omar.carcano@polimi.it	Grassi Andrea andrea.grassi@unimore.it	Pinto Roberto roberto.pinto@unibg.it
Centini Maurizio	Grohmann Guido grohmann@iwi.uni-sb.de	Portioli-Staudacher Alberto alberto.portioli@polimi.it
Cesarotti Vittorio	Guerra Luigi	Pozzetti Alessandro alessandro.pozzetti@polimi.it
Chen Yang-Cheng-Kuang yck.yang@cranfield.ac.uk	Guizzi Guido g.guizzi@intercosmo.it	Rapaccini Mario rapaccini@ing.unifi.it
Chikova Pavlina chikova@iwi.uni-sb.de	Hán Jan hanjan@kpv.zcu.cz	Rimini rimini.bianca @unimore.it
Chirova Pavlina chikova@iwi.uni-sb.de	Hofer Anja hofer@iwi.uni-sb.de	Rossi Angelo angrossi@unina.it
Conley William C. conleyw@uwgb.edu	Introna Vito	Sackett Peter p.j.sackett@cranfield.ac.uk
Corti Donatella Dontella.corti@polimi.it	Ispas Constantin ispas@leo.optimum.pub.ro	Santillo Tina
Costantino Francesco	Kahl Timo kahl@iwi.uni-sb.de	Schiraldi Massimiliano schiraldi@ing.uniroma2.it
Daun Christine daun@iwi.uni-sb.de	Kay John J.m.kay@cranfield.ac.uk	Seel Christian ch.seel@iwi.uni-sb.de
De Capitani Cristina cristina.decapitani@polimi.it	Lodl Petr plodl@kpv.zcu.cz	Silvestri Alessandro
De Felice Fabio defelice@unicas.it	Macchi Marco marco.macchi@polimi.it	Simon Björn simon@iwi.uni-sb.de
Di Gravio Giulio giulio.digravio@uniroma1.it	Matheis Thomas matheis@iwi.uni-sb.de	Šimon Michal simon@klastr-control.cz
Di Silvio Bruna disilvio.b@tiscali.it	Mendling Jan jan.mendling@wu-wien.ac.at	Smid Ondrej ondrasmid@centrum.cz
Dvorakova Lilia ldvorako@kpv.zcu.cz	Mohora Cristina cristinamohora@yahoo.com	Soydan Ilker ilker.soydan@polimi.it
Edl Milan edl@kpv.zcu.cz	Mora Cristina mora.cristina@unimore.it	Štěrba Daniel dsterba@kpv.zcu.cz
Falcone Domenico	Murino Teresa murino@unina.it	Sysel Zdeněk zsysel@kpv.zcu.cz
Frattini Francesco	Nenni Maria Elena menenni@unina.it	Tang Shyh-Jian

## Author Index

---

s.tang.2002@cranfield.ac.uk

Terzi Sergio  
sergio.terzi@unibg.it

Troblová Petra  
ptroblou@kpv.zcu.cz

Ublova Marina  
ublova@kpv.zcu.cz

Ulrych Zdenek  
ulrychz@kpv.zcu.cz

Vanderhaeghen Dominik  
vanderhaeghen@iwi.uni-sb.de

Visintin Filippo  
filippo.visintin@siti.de.unifi.it

Werth Dirk  
werth@iwi.uni-sb.de

Zang Sven  
zang@iwi.uni-sb.de

Zangl Fabrice  
zangl@iwi.uni-sb.de

Zeman Lukáš  
lukasekzeman@seznam.cz

Ziemann Jörg  
ziemann@iwi.uni-sb.de

Zoppoli Vincenzo

Zorzini Marta  
marta.zorzini@polimi.it

Zrally Martin  
martin.zrally@fs.cvut.cz



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# MASTER PRODUCTION SCHEDULE GENERATION IN A MULTI-ITEM SINGLE-MACHINE CAPACITED MANUFACTURING SYSTEM WITH SEQUENCE-DEPENDENT SETUP TIMES AND COSTS

**Francesco Frattini, Maria Elena Nenni, Angelo Rossi, Massimiliano M. Schiraldi**

**FRANCESCO FRATTINI**  
DPGI - “Federico II” University of Naples  
Piazzale Tecchio 80, 80125 Naples - Italy

**MARIA ELENA NENNI**  
DPGI - “Federico II” University of Naples  
Piazzale Tecchio 80, 80125 Naples – Italy  
mnenni@unina.it

**ANGELO ROSSI**  
DPGI - “Federico II” University of Naples  
Piazzale Tecchio 80, 80125 Naples – Italy  
angrossi@unina.it

**MASSIMILIANO M. SCHIRALDI**  
DIM - “Tor Vergata” University of Rome  
Via del Politecnico 1, 00133 Rome – Italy  
schiraldi@ing.uniroma2.it

*Abstract:* In this paper we address the problem of generating the Master Production Schedule in a Multi-Item Single-Machine Capacited manufacturing system, with sequence-dependent setup times and costs. For each time bucket in the MPS, deliveries of finite products are defined in terms of due dates and quantities to be shipped. Production capacity is finite, though it is possible to exploit a limited extra-capacity on the basis of availability of work-force overtime, which anyway implies additional production costs. Backlogging is not allowed, while a maximum earliness for each job is defined for each product. In the proposed approach, two sub-problems are identified: a Sequencing Problem which aims to determine the available production capacity for each period, and a Capacited Lot-Sizing Problem which aims to determine the production quantity for each product in each period. The former is modelled as a dynamic Asymmetric Travelling Salesman Problem which complies with sequence-dependent set-up costs and a rolling horizon and a genetic algorithm searches for sub-optimal schedules. We demonstrated the proposed heuristic effectiveness through a validation campaign performed in the Unilever S.p.A. manufacturing plant in Pozzilli, Italy.

*Index Terms:* scheduling and lot-sizing, genetic algorithm, master production schedule, capacited manufacturing system

## I. INTRODUCTION

In production systems with batch processing, sequence-dependent setup times and capacity constraints, it is of major importance to effectively solve scheduling and lot-sizing problems. Lots of enterprises, specifically in capital-intensive industries, which produce a large variety of products, must face this kind of problem which, if not appropriately approached, may cause late deliveries with serious impacts on costs. Scheduling and lot-sizing problems have been analyzed in different ways, depending on product structure types (Single Level, Serial, Assembly, General system), on production capacity characteristics (Uncapacited, Capacited Single-Stage, Capacited Multi-Stage) and on time modeling (Small Bucket, Large Bucket)[1]. For a large number of these instances – which cannot be optimally solved in a polynomial time, various heuristics and meta-heuristics have been developed during years [2],[3],[4].

The current best survey about lot sizing and scheduling problem is by Drexler and Kimms (1997). More recent integration is by Jans and Degraeve (2004) that have particularly focussed on dynamic lot sizing. But to the best of our

knowledge, however, we now present an original contribution on capacitated Single-Machine lot sizing and scheduling sequence-dependent setup times and costs.

## II. PROBLEM MODELING

Consider a *single-stage, multi-item* manufacturing production system, which has to produce  $N$  different items over a finite time horizon, which is composed by  $T$  periods of the same length, i.e. weeks; for each of these periods, a *demanded quantity* is specified; the demand must be satisfied within the end of the period and no backlog is allowed. Manufacturing time for each item batch is little with respect to period duration. However, it is possible to anticipate production of each item up to a certain number of periods: managers may decide, from time to time, to start the production of a certain item well in advance, though in accordance to storage constraints. The maximum anticipation is anyway little with respect to time horizon length, thus additional storage costs may be negligible.

Changeover implies a production capacity loss, which is directly proportional to setup times; these latter, anyway, depend on the sequence of the different items to be manufactured. Production capacity is finite and fixed for each period; however, there is the possibility to exploit overtime to recover some additional production capacity. A maximum overtime limit is anyway fixed for each period. Each time overtime is exploited, a fixed cost is bore due to the fact that standard time limit has been passed, and a variable cost is bore in dependence to overtime duration. Let us assume that raw materials and components stocks will be always available for production, thus no stock-out may occur in the upstream supply chain.

Master Production Schedule formulation in such a context is not a simple issue. The aim is to reach a solution in which production costs are minimum and no late deliveries are present.

To this extent, let us now introduce the following parameters:

- $T$  : Number of periods in time horizon
- $N$  : Number of produced items
- $A_i$  : Maximum number of periods the start of production of item  $i$  may be anticipated, with respect delivery date
- $LT_t$  : Planning operating time in period  $t$
- $LT_t^{ex}$  : Unplanned overtime amount in period  $t$
- $ct_i$  : cycle time for product  $i$  manufacturing
- $s_{ij}$  : Setup time to changeover from item  $i$  to item  $j$
- $c_{ij}$  : Setup cost to changeover from item  $i$  to item  $j$
- $c^{ex}$  : Overtime fixed cost
- $p_i^{ex}$  : Increase in production cost due to overtime, for a single  $I$  item
- $d_{it}$  : Demanded quantity of item  $i$  in period  $t$

Along with the following **decision variables**

- $q_{it}$  : Item  $i$  quantity to be produced in period  $t$ , in regular time
- $q_{it}^{ex}$  : Item  $i$  quantity to be produced in period  $t$ , in overtime
- $x_{it}^{*ri}$  : Binary variable:  $x_{it}^{*ri} = 1$  if the demanded quantity  $d_{it}$  is satisfied in period  $t$  in regular time
- $x_{it}^{*ri,ex}$  : Binary variable:  $x_{it}^{*ri,ex} = 1$  if the demanded quantity  $d_{it}$  is satisfied in period  $t$  in overtime
- $y_{ijt}$  : Binary variable:  $y_{ijt} = 1$  if setup  $s_{ij}$  is performed in period  $t$
- $y_t^{ex}$  : Binary variable:  $y_t^{ex} = 1$  if in period  $t$  overtime is exploited

Master Production Schedule formulation problem may now be solved through the following **integer programming** formulation:

$$\text{Min } \sum_{t=1}^T \left( c^{ex} y_t^{ex} + \sum_{i=1}^N p_i^{ex} q_{t^*i}^{ex} \right) + \sum_{t=1}^T \sum_{i=1}^N \sum_{j=1}^N c_{ij} y_{ijt} \quad (1)$$

subject to:

$$\sum_{t^*=\{t-A_i,1\}}^t x_{t^*i} = \{0,1\} \quad \forall i = 1, \dots, N, \quad \forall t = 1, \dots, T \quad (2)$$

$$q_{t^*i} = \sum_{t^*=\{t^*-A_i, T\}}^{t^*+A_i, T} x_{t^*i} d_{it} \quad \forall i = 1, \dots, N, \quad \forall t^* = 1, \dots, T \quad (3)$$

$$q_{t^*i}^{ex} = \sum_{t^*=\{t^*-A_i, T\}}^{t^*+A_i, T} x_{t^*i}^{ex} d_{it} \quad \forall i = 1, \dots, N, \quad \forall t^* = 1, \dots, T \quad (4)$$

$$\sum_{i=1}^N c t_i (q_{t^*i} + q_{t^*i}^{ex}) + \sum_{i=1}^N \sum_{j=1}^N s_{ij} y_{ijt^*} \leq L T_{t^*} + \dots \quad \forall t^* = 1, \dots, T \quad (5)$$

$$\sum_i y_{ijt} = 1 \quad \forall t = 1, \dots, T, \quad (6)$$

$$\sum_j y_{ijt} = 1 \quad \forall i \in I = \{i : q_{ti} \neq 0\} \cup \{i : q_{ti}^{ex} \neq 0\} \quad (7)$$

$$\text{No enclosed cycles in } t \quad \forall t = 1, \dots, T \quad (8)$$

$$x_{t^*i}, x_{t^*i}^{ex}, y_{ijt}, y_t^{ex} = \{0,1\} \quad \forall i, j, t^*, t \quad (9)$$

The objective function (1) aims to minimization of setup costs and overtime costs; constraint (2) impose demand satisfaction (equation yields 0 if  $d_{it} = 0$ , otherwise yields 1; it guarantees that in within period  $t - A_i$  and  $t$ , a production order will be launched to satisfy the demand  $d_{it} \neq 0$ . Note that  $\{t - A_i, 1\}$  equals to  $t - A_i$  if  $t - A_i > 1$ , otherwise equals to 1: this because the demanded quantity  $d_{it}$ , starting from period  $t = A_i + 1$  may be anticipated at maximum by  $A_i$  periods, while the demanded quantity  $d_{it}$  with  $t < A_i + 1$  may be only anticipated by  $t - 1$  periods. Constraints (3) and (4) tie production batches  $q_{t^*i}$  and  $q_{t^*i}^{ex}$  of item  $i$  to regular time and overtime in period  $t^*$ ; these quantities clearly are influenced by orders related to period  $t^*$  up to  $t^* + A_i$ . Note that  $\{t^* + A_i, T\}$  equals to  $t^* + A_i$  if  $t^* + A_i < T$ , otherwise equals to  $T$ . Indeed, starting from period  $t^* = T - A_i + 1$ , the produced quantities  $q_{t^*i}$  and  $q_{t^*i}^{ex}$  do not depend any more on the demanded quantity of  $A_i + 1$  periods, but only on that of  $T - t^*$  periods.

Constraint (5) verifies that production orders launched for a period  $t$  and the related loss of production capacity due to changeovers do not violate the loading time constraint for that period.

Constraints (6), (7) and (8) are used to avoid inefficient solution, rejecting MPS in which a single item may be scheduled more than one time in a single period, and avoiding the generation of enclosed cycles.

### III. PROBLEM SOLVING

Such a problem belongs to NP-hard class problems, thus usually cannot be solved with complete enumerative algorithms because – even leaving out the complexity coming from sequence-dependent setup times – that will require the evaluation of a number of MPS equals to

$$\prod_{i=1}^N \prod_{t=1}^T \{A_i + 1, t\}^{x_{it}} \quad (11)$$

where  $X_{it}$  represent a binary variable which equals to 1 if  $d_{it} > 0$ , 0 otherwise.

Thus, in this sequence-dependence context, the search for the best Master Production Schedule may be modeled in two phases:

A lot-sizing problem in each period  $t$ ;

A sequencing problem in each period  $t$  modeled through the Asymmetric Travelling Salesman Problem.

The first step in the procedure resides in the solution of a Large-Bucket, Single-Machine, Multi-Item, Single-Stage, Capacited Lot-Sizing Problem, for which the following mixed integer programming formulation may be suitable:

$$\min \sum_{t=1}^T \left( c^{ex} y_t^{ex} + \sum_{i=1}^N p_i^{ex} q_{t^*i}^{ex} \right) + \sum_{t=1}^T \bar{c} y_t \quad (1)$$

subject to:

$$\sum_{t^*=\{t-A_t,1\}}^t x_{t^*i} = \{0,1\} \quad \forall i = 1, \dots, N, \quad \forall t = 1, \dots, T \quad (2)$$

$$q_{t^*i} = \sum_{t=t^*}^{\{t^*+A_t,T\}} x_{t^*i} d_{it} \quad \forall i = 1, \dots, N, \quad \forall t^* = 1, \dots, T \quad (3)$$

$$q_{t^*i}^{ex} = \sum_{t=t^*}^{\{t^*+A_t,T\}} x_{t^*i}^{ex} d_{it} \quad \forall i = 1, \dots, N, \quad \forall t^* = 1, \dots, T \quad (4)$$

$$\sum_{i=1}^N u_{t^*i} q_{t^*i} + \sum_{i=1}^N u_{t^*i}^{ex} q_{t^*i}^{ex} \leq C_{t^*} + C_{t^*}^{ex} \quad \forall t^* = 1, \dots, T \quad (5)$$

$$x_{t^*i}, y_t^{ex} \in \{0,1\} \quad \forall i, j, t^*, t \quad (6)$$

$$y_t \in N_0 \quad \forall t = 1, \dots, T \quad (7)$$

Where  $y_t$  stands for the changeover number in period  $t$  while  $\bar{c}$  stands for the average cost of a single setup. This problem represents a sub-problem of the previously described general problem, in which production capacity losses originating from setup stops are not considered.

The second step of the procedure resides in solving a sequencing problem for each period  $t$ , that is to find the item sequence to be manufactured in order to reduce setup times. It is possible to demonstrate that this problem – in its general form – can be lead back to an Asymmetric Traveling Salesman Problem[5],[6].

Indeed, let us consider a complete graph  $G = (V, A)$  in which the set  $V = \{0, 1, \dots, n\}$  represents the  $n$  operations to be performed, on top of a “dummy” activity (node 0) at the beginning and at the end of the sequence. To the arcs ingoing and outgoing from node 0 a null cost  $c_{0j} = c_{i0} = 0 \quad \forall i, j \in V - \{0\}$  is assigned, while to all the other arcs the cost  $c_{ij}$  is assigned, where  $c_{ij}$  equals to the setup time between operation  $i$  and  $j$ ; due to the fact that the optimal solution of the Traveling Salesman Problem is represented by a closed path which touch each node only one time, though minimizing the path cost; this represents the optimal solution even for the sequencing problem, because the path cost results from the sum of setup times. The sequencing problem, indeed, result of NP-hard class, being referable to a NP-hard problem. In the present case, a formulation of the problem may be the following:

$$\min \sum_{t=1}^T \sum_{i=0}^N \sum_{j=0}^N s_{ij} y_{ijt} \quad (14)$$

Subject to:

$$\sum_{i \in K_t} y_{ijt} = 1 \quad \forall j \in K_t, \quad K_t = \{0\} \cup \{k : q_{kt} \neq 0\} \cup \{k : q_{kt}^{ex} \neq 0\}, \quad \forall t = 1, \dots, T \quad (15)$$

$$\sum_{j \in K_t} y_{ijt} = 1 \quad \forall i \in K_t, \quad K_t = \{0\} \cup \{k : q_{kt} \neq 0\} \cup \{k : q_{kt}^{ex} \neq 0\}, \quad \forall t = 1, \dots, T \quad (16)$$

$$\text{No enclosed cycles} \quad \forall t = 1, \dots, T \quad (8)$$

$$y_{ijt} \in \{0,1\} \quad \forall i, j \in K_t, \quad K_t = \{0\} \cup \{k : q_{kt} \neq 0\} \cup \{k : q_{kt}^{ex} \neq 0\}, \quad \forall t = 1, \dots, T \quad (17)$$

The set  $K_t$  contains the indexes of the items that should be produced during period  $t$  plus a dummy node 0 with the following characteristics:  $s_{j0} = 0 \quad s_{0j} = s_{mj} \quad \forall j \in K_t, \quad K_t = \{0\} \cup \{k : q_{kt} \neq 0\} \cup \{k : q_{kt}^{ex} \neq 0\}$  where  $m$  equals to the index of the last item scheduled for production on the previous period  $t-1$ . The sequencing procedure will dynamically advance from one period to the other (index  $m$ ) because the TSP problem will be solved  $T$  times starting from the first period to the last one within time horizon.

Here, the search for the sub-optimal scheduling solution is implemented through a genetic algorithm [7] which works with the following hypotheses:

- if  $d_{it} \neq 0$  for item  $i$  in period  $t$ , the demanded quantity will be directly translated in a production order in period  $t$  or in the previous periods, up to period  $t-A_t$ . All the information regarding the demanded quantity in period  $t$  are contained in the vector  $(x_{t-A_t,t,i}, x_{t-A_t-1,t,i}, \dots, x_{t-1,t,i}, x_{t,t,i})$ , which shows all null values if  $d_{it} = 0$  or it shows only one “1” if  $d_{it} \neq 0$ , that is  $\sum_{i=1}^N \sum_{t^*=\{t-A_t,1\}}^t x_{t^*i} = \{0,1\}$ .

- For each MPS, in each period, batch size are known; thus it is possible to find a sequencing procedure in order to find the real loading time – without the losses for setups – and to verify the compliancy with the period capacity constraint. The production sequence is found through Simulated Annealing procedure;
- Fitness function (objective function) of the genetic algorithm is the following:

$$F = \sum_{t=1}^T \sum_{i=1}^N p_i^{ex} q_{ii}^{ex} + \sum_{t=1}^T Penalty1 \cdot w_t + \sum_{t=1}^T Penalty2 \cdot y_t^{ex} + \sum_{t=1}^T Penalty3 \cdot \left| \sum_{i=0}^N \sum_{j=0}^N (y_{ijt} + y_{ijt}^{ex}) - \bar{y} \right|$$

- where the first element represents the additional cost, on top of  $q_{ii}^{ex}$ , due to the exploitation of overtime; the second element decreases the target function by a value *penalty1* for each period in which the global capacity constraint has been violated  $\sum_{i=1}^N ct_i (q_{i^*i} + q_{i^*i}^{ex}) + \sum_{i=1}^N \sum_{j=1}^N s_{ij} y_{ij^*} \leq LT_{i^*} + LT_{i^*}^{ex}$ ; the third element applies the *penalty2* in each period in which overtime has been exploited; Last, the fourth element applies *penalty3* on the basis of the difference between the number of setup in period  $t$  and a benchmarking value  $\bar{y}$ , wished and estimated by managers.
- “Roulette-wheel Selection”, with reproduction through single point crossover single-point and elitism.
- Scaling through the operation of transformation  $g(x) = a \cdot f(x) + b$ . The parameters suggested in [8] have been adopted, with  $a$  and  $b$  depending on  $f_{max}$ ,  $f_{min}$ ,  $e$   $f_{avg}$  (maximum, minimum and average fitness values, unscaled, adopted by individuals of current population, and  $h$  related to the expected frequency with which the best genotype can be selected for reproduction.
- Instead of implementing a mutation at the end of each single reproduction, this will be performed only at the end of each entire reproduction cycle (whose dimension will be chosen with regards to the convergence of the algorithm) and will influence the entire population. This choice is to avoid the increase in computational complexity coming from the iteration of the procedure which calculates lot size, sequence and penalties among all periods. This, anyway, push towards the choice of a higher mutation probability value, with respect to those commonly present in literature, in order to guarantee an adequate genetic mix and to avoid a too much fast convergence.

#### IV. MODEL VALIDATION

Model validation has been performed on the bottling and packaging manufacturing lines of a fabric conditioner production in Unilever S.p.A. industrial plant in Pozzilli (Italy). The genetic algorithm has been used to verify the differences – in terms of changeovers – between a production strategy in which no earliness is admissible and a production strategy in which a maximum anticipation (of one period, thus  $A_i=1$ ) is possible for each item to be produced in MPS. The examined instance was composed by  $n = 14$  items,  $T = 23$  periods. Twelve different tests have been performed, using the following parameters: population dimension = 30; number of epochs = 500; number of generations per epoch = 50; scaling factor  $h = 1,5$ ; mutation probability = 0,9; moreover,  $p_i = p_i^{ex}$  (that is, no additional cost for overtime was included); *Penalty1* = 100000; *Penalty2* = 100000; *Penalty3* = 250;  $\bar{y} = 3$  when overtime was exploited,  $\bar{y} = 5$  when only regular production capacity was used.

*Table1* shows the data related to changeovers, divided in setup for “different item” and for “same item, different size/format”; before the model implementation, there was an average of 6 setup for item change and 132 setup for size/format change during  $T$ .

Here, values are expressed in terms of expected value  $\bar{x} = \sum_{i=1}^n x_i$ , Mean Absolute Deviation  $MAD = \frac{\sum_{i=1}^n |x_i - \bar{x}|}{n}$ , Mean Deviation from the optimal solution  $MDO = \frac{\sum_{i=1}^n (x_i - x_{opt})}{n}$ , Mean Deviation from the best found solution  $MXD = \max\{x_i - x_{opt}\}$ [9].

**Table 1**

	$x_{opt}$	$\bar{x}$	MAD	MDO	MXD
Setup for different item	1	1,91	0,82	0,91	2
Decrease % in Setup for different item	83,33	68,05	7,63	15,27	33,33
Setup for different size/format	95	99,41	2,51	4,41	10
Decrease % in Setup for different size/format	28,03	24,68	1,90	3,34	7,58

Each test takes 50 minutes on a Personal Computer with AMD Athlon™XP 1700+ 1,46GHz chip, 256Mb RAM and Microsoft® WindowsXP Professional operative system.

V. CONCLUSION

In this article a model for solving sequencing and lot-sizing problems has been presented, suitable for generating Master production Scheduling in manufacturing systems with batch production and capacity constraints. The maximum admissible earliness, in launching production orders, directly influence the computational complexity. The solution is reached through a Genetic Algorithm, and the model has been validated on a complicated industrial case; despite low computational complexity and the reach of a solution in reasonable times, the model has demonstrated its effectiveness significantly reducing the setup number. However, more tests will be performed in order to optimally calibrate the algorithms parameter and to find the optimal trade-off between computational speed and solution quality; for instance, a second series of 12 test performed with a higher number of generations for each epoch (200), after having evaluated 65.000 MPS instances, returned no significant differences in solution quality (evaluated through Student’s t-test), despite an important reduction of computational time (-49%).

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