DYNAMIC MANAGEMENT OF MANUFACTURING ORDERS

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ABSTRACT

A key requirement for the make-to-order (MTO) manufacturing companies to remain competitive is the ability to assess incoming orders in terms of performance and to determine the best orders that they should accept.

In this paper, we propose a method to control the entire production process, from customer enquiry up to product delivery, for the MTO manufacturing systems. In practice, decisions on order acceptance and on production planning are often made separately. Sales department is responsible for accepting orders, while the production department is in charge of production planning for implementation of accepted orders.

The system environment provides on-line data on the actions undertaken which, properly analyzed and correlated, will further generate solutions in order to develop said system and make it competitive.

KEYWORDS: competitiveness, manufacturing system, dynamic management

1. INTRODUCTION

Order acceptance problem is usually treated in the literature considering the single resource case with deterministic processing time [1,2]. The acceptance criterion is based mostly on capacity-driven approach. We cannot take into consideration that company performance is essentially dependent on the manner in which accepted orders are appropriate to all characteristic elements of the manufacturing system. In accordance with the method proposed in this paper, order acceptance is Earning Power-driven, while work-load, duedate and price are considered as restrictions.

In present, machine control is made independently to of order features, such as price. This is why, although the local control of the machine is optimal, the order performance level is not maximum. The method presented in this paper removes the disadvantage in that the machine control is based on simultaneous optimization of all manufacturing processes caused by order fulfillment.

Finally, in the present order acceptance, planning and scheduling of the production

process, and machine control can be solved separately. In this paper, we propose an integrated control method for the three aspects where Earning Power is used as decision criterion when accepting or rejecting the order.

One customer's order can include several jobs.

Knowing the price P_j (2), the cost c_{ijk} , the asset A_{ijk} and the time t_{ijk} , we can build the order modeling, meaning the *EP* for each order (1).

$$EP_{i} = \frac{P_{i} - \sum_{j} \sum_{k} c_{ijk}(p_{jkn})}{\sum_{j} \sum_{k} A_{ijk} \cdot t_{ijk}(p_{jkn})} \left[\frac{Euro}{Euro \cdot \min}\right]$$
(1)

The price of order, P_i , (2) can be distributed on each job, j, then each operation that composes the job.

$$P_i = \sum_j \sum_k P_{ijk} \tag{2}$$

Based on EP_i determined for each order, the order can be accepted or rejected the order.

Therefore, there are going to be accepted only those orders that can bring significant profit and can increase the market share. This modeling can provide a better order management and increase the company's competitiveness.

2. CASE STUDY

We consider that we have to manufacture the part in Fig. 1 and the manager must decide whether to accept this order. The technological process needed to process the part consists of the following operations: turning, drilling and welding.

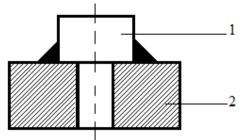


Fig. 1. Manufacturing part 1- rod, 2- plate

In order to evaluate the order EP we have to calculate job EP and operation EP. To do this, the order will be divided in job 1 (rod 1, Fig. 1) and job 2 (plate 2, Fig. 1). To perform job 1 it is necessary to use the turning operation. For job 2 we need drilling and welding operations.

In order to evaluate the order EP we will use the relation (1) and if this is adapted to order *i* it becomes:

$$EP_{i} = \frac{P_{i} - \sum_{j} \sum_{k} c_{ijk}(p_{jkn})}{\sum_{j} \sum_{k} A_{ijk} \cdot t_{ijk}(p_{jkn})} =$$

$$= \frac{(P_{i11} + P_{i21} + P_{i22}) - (c_{i11} + c_{i21} + c_{i22})}{A_{i11} \cdot t_{i11} + A_{i21} \cdot t_{i21} + A_{i22} \cdot t_{i22}} \left[\frac{Euro}{Euro \cdot \min}\right]$$
(3)

where:

 P_{i11} - is the price of turning operation;

Order Operation order Order EP price max turning drilling welding [Euro] [Euro/Euro·min] 7.256.10-8 150 x х х 6.11.10-8 136.25 х Х 22.5 $14 \cdot 10 - 8$ х х 141.25 7.4.10-8 Х Х 127.5 6.09.10-8 Х 6.26.10-8 8.75 Х 13.75 57.5.10-8 х

Table 1. Order EP maximum

 c_{i11} – the cost of turning operation;

 A_{i11} – the asset of turning operation;

 t_{i11} – is the time to perform a turning operation;

 P_{i21} - is the price of welding operation;

 c_{i21} - the cost of welding operation;

 A_{i21} - the asset of welding operation;

 t_{i21} - is the time to perform a welding operation;

 P_{i22} - is the price of driling operation;

 c_{i22} - the cost of driling operation;

 A_{i22} - the asset of driling operation;

 t_{i22} - the asset of driling operation.

These data are given in Fig.2 and Fig.3.

By numerical simulations (Fig.2, Fig. 3), for the cases of 14 cutting speed values, 11 drilling speed values and 13 rate of welding values were obtained 2002 EP's values of order *i*. Maximum value for EP was obtained for a turning speed, v=50 m/min, drilling speed, v=200 rev/min and welding speed, v=5.2 mm/s. Maximum value for EP is

$$7.25 \cdot 10^{-8} \left[\frac{Euro}{Euro \cdot \min} \right]$$

We can calculate the EP for the other orders in the order entry pool in a similar manner. In the end, all EP values of all orders are ordered in a decreasing sequence.

The orders with a maximum calculated EP that brings economical effect to the company would be kept.

The other orders will be outsourced to other manufacturing companies.

It results that the manager will have an overview of the order EP to make an order acceptance. Order acceptance will be made after evaluation of maximal EP values and after selecting only those orders that may bring profit to the company.

Analyzing data in table 1 according to the maximum value of EP, the manager can decide whether or not to perform all jobs necessary to achieve order in the company.

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le		cutting speed							cutting tim dri			cutting ass							
1	50				4.555692			111.5913		5223	247236	10000	2500		110.5557	150	7.2564E-08	•	-
1	40	666.666666	200	5.2	4.554301	6.725	99.275	112.4392	6746.351	5223	247236	10000	2500	1875	110.5543	150	7.24987E-08		
	60	1000	200	5.2	4.611915	6.725	99.275	111.2714	6676.284	5223	247236	10000	2500	1875	110.6119	150	7.24861E-08		
1	50	833.3333333	110	5.2	4.555692	6.575	99.275	111.5913	6695,478	6703	247236	10000	2500	1875	110.4057	150	7.23475E-08		
1	70	1166.666667	200	5.2	4.705403	6.725	99.275	111.2733	6676.401	5223	247236	10000	2500	1875	110.7054	150	7.23139E-08		
1	40	666.666666	110	5.2	4.554301	6.575	99.275	112.4392	6746.351	6703	247236	10000	2500	1875	110.4043	150	7.22828E-08		
1	60	1000	110	5.2	4.611915	6.575	99.275	111.2714	6676.284	6703	247236	10000	2500	1875	110.4619	150	7.22701E-08		
1	30	500	200	5.2	4.645902	6.725	99.275	114.291	6857.461	5223	247236	10000	2500	1875	110.6459	150	7.21829E-08		
1	70	1166.666667	110	5.2	4.705403	6.575	99.275	111.2733	6676.401	6703	247236	10000	2500	1875	110.5554	150	7.2099E-08		
1	80	1333.333333		5.2	4.826718	6.725	99.275	111.4926	6689.557	5223	247236	10000	2500	1875	110.8267	150	7.20732E-08		
	50	833.3333333	250	5.2	4.555692	7.125	99.275	111.5913	6695.478	4602	247236	10000	2500	1875	110.9557	150	7.20338E-08		
	30	500	110	5.2	4.645902	6.575	99.275	114.291	6857.461	6703	247236	10000	2500	1875	110.4959	150	7.19696E-08		
]	40	666.666666			4.554301	7.125		112.4392		4602	247236	10000	2500		110.9543	150	7.19689E-08		
	60	1000		5.2	4.611915			111.2714		4602	247236	10000	2500	1875	111.0119	150	7.19556E-08		
	80	1333.333333			4.826718	6.575		111.4926		6703	247236	10000	2500		110.6767	150	7.186E-08		
]	70	1166.666667	250	5.2	4.705403	7.125	99.275	111.2733	6676.401	4602	247236	10000	2500	1875	111.1054	150	7.17829E-08		
	90	1500			4.970217	6.725		111.8702		5223	247236	10000	2500		110.9702	150	7.17793E-08		
	30	500			4.645902		99.275		6857.461	4602	247236	10000	2500		111.0459	150	7.16533E-08		
1	90	1500			4.970217	6.575		111.8702		6703	247236	10000	2500		110.8202	150	7.15682E-08		
	80	1333.333333			4.826718			111.4926		4602	247236	10000	2500		111.2267	150	7.15416E-08		
	100	1666.666667		5.2	5.132248	6.725	99.275	112.3699	6742.191	5223	247236	10000	2500	1875	111.1322	150	7.14419E-08		
	20	333.3333333			4.936749	6.725	99.275		7113.839	5223	247236	10000	2500		110.9367	150	7.13141E-08		
	90	1500			4.970217			111.8702		4602	247236	10000	2500		111.3702	150	7.12171E-08		
	100	1666.666667			5.132248	6.575		112.3699		6703	247236	10000	2500		110.9822	150	7.12332E-08		
	20	333.3333333			4.936749		99.275		7113.839	6703	247236	10000	2500		110.7867	150	7.11076E-08		1
	110	1833.333333			5.310298	6.725		112.9681		5223	247236	10000	2500		111.3103	150	7.10678E-08		
	100	1666.666667			5.132248			112.3699		4602	247236	10000	2500		111.5322	150	7.0909E-08		-
	110	1833.333333			5.310298	6.575		112.9681		6703	247236	10000	2500		111.1603	150	7.08617E-08		
	50	833.3333333			4.555692			111.5913		4094	247236	10000	2500		111.7057	150	7.08161E-08		
	20	333.3333333			4.936749	7.125	99.275		7113.839	4602	247236	10000	2500		111.3367	150	7.07845E-08		-
	40	666.666666			4.554301	7.875		112.4392		4094	247236	10000	2500		111.7043	150	7.07521E-08		+
	60	1000			4.611915			111.2714		4094	247236	10000	2500		111.7619	150	7.07372E-08		+
	120	2000			5.502553	6.725		113.6486		5223	247236	10000	2500		111.5026	150	7.06616E-08		+
	70	1166.666667			4.705403			111.2733		4094	247236	10000	2500		111.8554	150	7.05641E-08		+
	110	1833.333333			5.310298	7.125		112.9681		4602	247236	10000	2500		111.7103	150	7.05342E-08		+
	120	2000			5.502553			113.6486		6703	247236	10000	2500		111.3526	150	7.04584E-08		+
	30	500			4.645902		99.275		6857.461	4094	247236	10000	2500		111.7959	150	7.04383E-08		+
	80	1333.333333			4.826718			111.4926		4094	247236	10000	2500		111.9767	150	7.03226E-08		+
	130	2166.666667			5.707649	6.725		114.4001		5223	247236	10000	2500		111.7076	150	7.0227E-08		+
+	120 90	2000			5.502553			113.6486		4602	247236	10000	2500		111.9026	150	7.01272E-08		+
		1500			4.970217	7.875		111.8702		4094	247236	10000	2500		112.1202		7.00278E-08		+
	130				5.707649	6.575		114.4001		6703	247236	10000	2500		111.5576	150	7.0027E-08		+
		833.3333333			4.555692			111.5913		5223	250036	10000	2500		111.6307		6.99111E-08		+
	40	666.666666			4.554301	6.725		112.4392		5223	250036	10000	2500		111.6293	150	6.98489E-08		+
	60 140	1000			4.611915	6.725		111.2714		5223 5223	250036	10000	2500 2500		111.6869	150	6.98331E-08		+
1		2333.333333 833.3333333			5.924529			115.2138			247236	10000			111.9245	150	6.97668E-08		+
	50 130	2166.666666			4.555692			111.5913		6703	250036	10000	2500 2500		111.4807		6.97144E-08 6.96919E-08		+
4				5.2	5.707649	7.125	55.275	114.4001	0004.005	4602	247236	10000	2500	1875	112.1076	150	0.90919E-08	<u> </u>	
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Fig. 2. Order EP sequence

1	Eişier <u>E</u> d	litare Vizualizare	Ingerare	F <u>o</u> rmat	Instrumente	: <u>D</u> ate F	ere <u>a</u> stră A	jutor								Tasta	ți o întrebare	-	- 8
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5	A 110		250		5.310298	7.125		112.9681		J 4602	250036	L 10000	2500		112.7853		6.78972E-08	R	-
6	90		350		4.970217	9.1			6712.211	3678	247236	10000	2500		113.3452		6.78937E-08		-
7	120		110		5.502553	6.575			6818.919	6703	250036	10000	2500		112.4276	150			-
8	30		300		4.645902	7.875			6857.461	4094	250036	10000	2500		112.8709	150	6.78E-08		-
9	170		250		6.638174	7.125			7078.259	4602	247236	10000	2500		113.0382	150			
0	180	3000	200	5.2	6.895121	6.725	99.275	118.9816	7138.894	5223	247236	10000	2500	1875	112.8951	150	6.77079E-08		
1	80	1333.333333	300	4.2	4.826718	7.875	100.35	111.4926	6689.557	4094	250036	10000	2500	1875	113.0517	150	6.76773E-08		
2	130		200		5.707649	6.725			6864.005	5223	250036	10000	2500		112.7826	150			
3	100	1666.666667	350		5.132248	9.1		112.3699		3678	247236	10000	2500		113.5072	150			
4	150	2500	300		6.15235	7.875		116.0835		4094	247236	10000	2500		113.3023	150			
5	180	3000	110		6.895121	6.575		118.9816		6703	247236	10000	2500		112.7451	150			
5	120		250		5.502553	7.125			6818.919	4602	250036	10000	2500		112.9776	150			
1	20		350		4.936749	9.1			7113.839	3678	247236	10000	2500		113.3117	150			-
3	130 90	2166.666667 1500	110		5.707649 4.970217	6.575 7.875		114.4001	6864.005	6703 4094	250036	10000	2500 2500		112.6326	150	6.74239E-08 6.73865E-08		-
	110		300 350		5.310298	9.1		112.9681		3678	250036 247236	10000	2500		113.6853	150			+-
	180	3000	250		6.895121	7.125		118.9816		4602	247236	10000	2500		113.2951	150			+-
	140		250		5.924529	6,725		115.2138		5223	250036	10000	2500		112.9995	150			-
	140		200		7.160845	6.725			7201.975	5223	247236	10000	2500		113.1608		6.71457E-08		+
	130		250		5.707649	7.125			6864.005	4602	250036	10000	2500		113.1826	150			+
	100		300		5.132248	7.875		112.3699		4094	250036	10000	2500		113.3572	150			+
E	160		300		6.390423	7.875		117.0038		4094	247236	10000	2500		113.5404		6.70207E-08		+
	140		110		5.924529	6.575		115.2138		6703	250036	10000	2500		112.8495		6.69736E-08		1
E	190		110		7.160845	6.575			7201.975	6703	247236	10000	2500		113.0108	150			
	20	333.3333333	300	4.2	4.936749	7.875	100.35	118.564	7113.839	4094	250036	10000	2500	1875	113.1617	150	6.69554E-08		
	120	2000	350	5.2	5.502553	9.1			6818.919	3678	247236	10000	2500	1875	113.8776	150	6.67757E-08		
	10		300		5.913369	7.875			7938.583	4094	247236	10000	2500		113.0634	150	6.67704E-08		
	110	1833.333333	300		5.310298	7.875		112.9681		4094	250036	10000	2500		113.5353	150			
	150	2500	200		6.15235	6.725		116.0835		5223	250036	10000	2500		113.2273	150			
	140		250		5.924529	7.125		115.2138		4602	250036	10000	2500		113.3995	150			
	190		250		7.160845	7.125			7201.975	4602	247236	10000	2500		113.5608	150			-
	200		200		7.434986	6.725			7267.363	5223	247236	10000	2500	1875		150			+
	150 170	2500 2833.333333	110 300		6.15235 6.638174	6.575 7.875		116.0835	7078.259	6703 4094	250036 247236	10000 10000	2500 2500		113.0773 113.7882	150 150			-
	200		110		7.434986	6.575			7267.363	6703	247236	10000	2500		113.285	150			+-
	130		350		5.707649	9.1			6864.005	3678	247236	10000	2500		114.0826	150			+
	120		300		5.502553	7.875			6818,919	4094	250036	10000	2500		113.7276	150			-
	160		200		6.390423	6.725		117.0038		5223	250036	10000	2500		113.4654		6.61766E-08		+
	150		250		6.15235	7.125		116.0835		4602	250036	10000	2500		113.6273	150			+
	50		350		4.555692	9.1			6695.478	3678	250036	10000	2500		114.0057		6.60486E-08		-
5	200		250		7.434986	7.125			7267.363	4602	247236	10000	2500		113.835	150			
,	160	2666.666667	110	4.2	6.390423	6.575	100.35	117.0038	7020.231	6703	250036	10000	2500		113.3154	150	6.60059E-08		
	40	666.6666667	350	4.2	4.554301	9.1	100.35	112.4392	6746.351	3678	250036	10000	2500	1875	114.0043	150	6.59895E-08		
	210		200		7.717226	6.725			7334.943	5223	247236	10000	2500		113.7172		6.59717E-08		
	60		350		4.611915	9.1		111.2714		3678	250036	10000	2500		114.0619	150			
	180		300		6.895121	7.875			7138.894	4094	247236	10000	2500		114.0451		6.59491E-08		
	10		200		5.913369	6.725			7938.583	5223	250036	10000	2500		112.9884	150			-
2	140		350		5.924529	9.1			6912.831	3678	247236	10000	2500		114.2995		6.58813E-08		+-
3	130		300	4.2	5.707649	7.875	100.35	114.4001	6864.005	4094	250036	10000	2500	1875	113.9326	150	6.58533E-08		
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Fig. 3. Order EP sequence

If obtaining an unsatisfactory value of EP for the company, the manager may choose to outsource those operations. Thus, if the company run only drilling and outsourced the other two operations, it would be observed that this case is the most profitable ($EP=57.5\cdot10-8$ Euro/Euro/Euro·min).

If they perform the welding operation, the worst EP $(EP=6.09\cdot10-8 \text{ Euro/Euro}\cdot\text{min})$ is obtained.

3. CONCLUSION

Order acceptance will be made only after evaluating the maximal values of EP and selecting those orders-that could be positive for the company.

As far as the order is concerned, if the company only performed the drilling operation and outsourced the other two operations, the effect on the company would be a positive one $(EP=57.5\cdot10-8 \text{ Euro/Euro}\cdot\text{min})$. If the company would only performed the welding operation it would have the worst EP $(EP=6.09\cdot10-8 \text{ Euro/Euro}\cdot\text{min})$. Therefore, the manager will have an overview of the order EP in order to perform the order acceptance.

This analysis will help the manager of a make-to-order companies, on one hand, to accept an order, and on the other hand, to perform an optimal control of the processing system.

In other words, the paper suggests a method for integrated control for a make-toorder manufacturing system where EP is used as a decision making criterion.

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