Analysis of the Hardening and Resilience Ability in Location-Allocation Problems

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ABSTRACT
Although disruptions in supply chains occur at a low probability, they may cause huge financial effects whose recovery will not be quickly achieved. Designing a resilient supply network may be an effective way to hedge against these disruption effects. This feature represents the ability of the network to maintain its operation and connection despite the absence of some chain members. Facility hardening is one of the strategies used for designing a resilient network. In this paper, three different non-linear resilient capacitated fixed-charge location-allocation models are developed for hedging the network against failure by assuming that when a random disruption occurs at a facility, the facility fails to deliver any product. In the first model, both facility hardening and equipping the network with backup facilities for disrupted elements are considered together to prevent the supply network from failure due to random disruption. The recovery time of the facility after a disruption event is one of the significant features that has been considered in the second and third proposed models, capable of being implemented in real-world applications. The sensitivity analysis confirms that the proposed models are valid as expected. In addition, in a low failure probability condition, the superiority of the proposed models is confirmed by comparing it to the classical model using a low additional investment. A Lagrangian decomposition algorithm is developed to solve large-scale instances. Computational results confirm the high efficiency of the proposed solution approach, compared to those obtained from the classical solution approaches, in dealing with large-scale problems.

KEYWORDS: Reliable; Random disruption; Hedging system; Hardening; Resilience; Lagrangian Relaxation.

1. Introduction
Facilities represent physical components of interrelated systems that are designed, created, and equipped with special equipment or personnel to serve a particular function. Social activities are extensively dependent on network systems. Most of our basic daily activities require interaction with a diversity of impressive facility systems. For example, telecommunication facilities are used in order to fulfill our financial dealing and protect our contact with family and friends. In addition, energy facilities are utilized to heat our homes, power local industries, etc. While these basic mentioned activities are usual, the importance of a utilized facility system is rarely tangible. For instance, according to the U.S department report, over 19 billion tons of shipment valued at 13 trillion dollars was transferred through the U.S. multi-modal transportation system in 2002. Critical facility systems specify an industrial degree of a society so that their importance would not be undervalued [1]. Since system operations can be disrupted in random disruption or intentional harm, there is a need to perceive how network systems and their performance can be affected by the failure of their facilities in disruption events. A common subject, in which network elements are debilitated causing disruption in the flow of goods and services through the network, is interdiction. For example, failure or decline of power supply facilities eventuates dramatic consequences for a society and national economy; therefore, these facilities are considered as vital entities. The interconnectedness of continuous power supply
with our daily life, industrial production, and electronics has made today’s society more vulnerable due to power supply stoppages. In all countries, even a short power outage is not acceptable because it has a significant impact on the entire economy. Natural disasters can also have significant impact on these network performances and their functionalities. In 2010, 450 natural disasters were recorded across the world. In 2011, only the USA sustained over 55 billion economic harms that resulted from natural disasters [2].

The above-mentioned instances and their severe consequences present an extensive geographical dimension of supply network disruption that made decisionmakers consider the possibility of disruption in a facility while designing their networks and preventing them from failure. One of the most important features is the resilience ability to avoid failures in systems. The resilience of a supply network against disruptions depends on its ability to conserve system operations and connection, while there is a lack in some components or parts. There are three strategies to improve the supply network resiliency, namely considering the topological characteristics of the network, providing backup components with flexible capacity, and hardening or protection of critical elements. In this study, the two last strategies are assumed to improve the resiliency of the designed network. We take a facility location problem into consideration that incorporates different facility characteristics such as capacity limitation, facility random disruption probability, facility hardening, and resilience ability. Three integer programming models are proposed for preventing the system from failure. In the first proposed model, hardening decisions are emphasized, while, in the second one, the resilience ability is regarded. Finally, in the last one, hardening and resilience abilities are considered simultaneously. A Lagrangian decomposition algorithm (LDA) was developed for the first and third proposed models, and the computational results demonstrating the efficiency of the developed algorithm were consequently presented.

The structure of this paper is as follows: the next section gives a brief review of the previous studies. Section 3 presents the proposed models and their corresponding Lagrangian decomposition algorithms. Section 4 gives an analysis of numerical examples, including the sensitivity analysis and computational results of the solution algorithm. Finally, the last section concludes the paper with final remarks.

2. Literature Review

A facility location-allocation problem has been expansively considered in the literature, and many different types of facilities in both private and public service systems with different conditions have been modeled. This study seeks to determine the location of facilities and assign customers to these locations with the minimum cost or maximum profit. The classical facility location-allocation models assume that facilities are always operational, never fail during their operation, and do not need care in the case of a possible disruption. In other words, although it is far from real world, it is assumed that they are completely reliable. Because of severe consequences arising from the facility disruption in supply networks as explained earlier, the possibility of disruption is one of the recent assumptions in reliability consideration of facility location-allocation decisions.

Snyder (2003) proposed an initial facility location-allocation model with reliability consideration. He incorporated facility failures directly in p-median and fixed charge facility location problems [3]. Recently, reliable facility location models have been developed to design facility locations and customer assignment plans when facility disruptions are possible. In the literature, the disruption risks and the corresponding objective functions that are incorporated in most of reliable facility location-allocation models are divided into two categories based on their sources: (1) random disruption risk by minimizing the expected cost objective function and (2) premeditated or intentional disruption risk by minimizing the maximum possible cost of the objective function. The former may occur at any point in the supply network (e.g., natural hazards like earthquakes). However, the latter includes components, more probable to be targeted, whose failure will bring about the maximum damage in a supply network.

As stated in the previous section, the resilience ability is one way to reduce system vulnerability and increase its reliability in order to prevent the system from failure. Resiliency of a supply network against disruptions depends on its ability to conserve system operations and connections despite the lack of some components or parts. This is why the reliable facility location-allocation models in supply network design decisions have been developed based on two basic approaches: determining the backup facility and protecting the facility. Some researchers have integrated these two approaches together. In the first approach, the disruption probability is generally incorporated in the integer
programming model, in which the existing facilities are used as a backup facility and these facilities are reassigned to customers after their primary facility failure. Their objective function often minimizes the total expected cost after disruption. Some studies in these approaches were included in the literature [4-8]. Studies relevant to the second approach are divided into two categories. Models of the first category are based on interdiction and involve only decision-making about allocating the protection resources among the located facilities in order to fortify these facilities in supply networks [9]. In contrast, models of the other category often make a decision about facility locations, customer assignment, and allocation of protection resources among facilities in order to minimize the worst-case cost [10-11].

In the compound approach, two types of facilities (i.e., unreliable and hardened or totally reliable facility with an extra cost) should be located in the supply network, and each customer can be assigned to a primary facility and a hardened backup facility [12-16]. In this group, only three papers make a decision about facility protection by distinct decision variables [17-18]. Table 1 gives a brief review of the studies with reliability consideration in designing a supply network with their basic characteristics.

<table>
<thead>
<tr>
<th>Reference</th>
<th>Hardening</th>
<th>Backup</th>
<th>Disruption</th>
<th>Disruption probability</th>
<th>Resilient Facility</th>
<th>Objective Function</th>
<th>Decision Variable</th>
</tr>
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<tr>
<td>[3]</td>
<td>-----</td>
<td>Multiple</td>
<td>Random</td>
<td>ID</td>
<td>-----</td>
<td>MTEC</td>
<td>FL , PBA</td>
</tr>
<tr>
<td>[19]</td>
<td>CF</td>
<td>One</td>
<td>Random</td>
<td>-----</td>
<td>-----</td>
<td>MTEC</td>
<td>FL , PBA</td>
</tr>
<tr>
<td>[6]</td>
<td>-----</td>
<td>Multiple</td>
<td>Random</td>
<td>ND , ID</td>
<td>MTEC</td>
<td>MTEC</td>
<td>FL , PBA</td>
</tr>
<tr>
<td>[13]</td>
<td>-----</td>
<td>One</td>
<td>Random</td>
<td>-----</td>
<td>MTEC</td>
<td>FL , PBA</td>
<td></td>
</tr>
<tr>
<td>[20]</td>
<td>-----</td>
<td>One</td>
<td>Random</td>
<td>-----</td>
<td>MTEC</td>
<td>MTEC</td>
<td>FL , PBA</td>
</tr>
<tr>
<td>[9]</td>
<td>WDV</td>
<td>-----</td>
<td>Intentional</td>
<td>-----</td>
<td>SD</td>
<td>MTEC</td>
<td>PA , PRA</td>
</tr>
<tr>
<td>[21]</td>
<td>-----</td>
<td>One</td>
<td>-----</td>
<td>-----</td>
<td>RE</td>
<td>MENR</td>
<td>FL , PBA , NTV</td>
</tr>
<tr>
<td>[22]</td>
<td>CF</td>
<td>One</td>
<td>Random</td>
<td>ND , SD</td>
<td>-----</td>
<td>MTEC</td>
<td>FL , PBA</td>
</tr>
<tr>
<td>[23]</td>
<td>CF</td>
<td>One</td>
<td>Random</td>
<td>ND , SD</td>
<td>MTEC</td>
<td>MTEC</td>
<td>FL , PBA</td>
</tr>
<tr>
<td>[17]</td>
<td>WDV</td>
<td>One</td>
<td>Random</td>
<td>ND , SD</td>
<td>MTEC</td>
<td>MTEC</td>
<td>FL , FH , PBA</td>
</tr>
<tr>
<td>[14]</td>
<td>CF</td>
<td>One</td>
<td>Random</td>
<td>SD</td>
<td>MTEC</td>
<td>FL , PBA</td>
<td></td>
</tr>
<tr>
<td>[24]</td>
<td>-----</td>
<td>One</td>
<td>Random</td>
<td>ID</td>
<td>MIMEC</td>
<td>MIMEC</td>
<td>FL , PBA</td>
</tr>
<tr>
<td>[10]</td>
<td>WDV</td>
<td>-----</td>
<td>Intentional</td>
<td>-----</td>
<td>MIMTC</td>
<td>MIMTC</td>
<td>FL , PA , PRA</td>
</tr>
<tr>
<td>[18]</td>
<td>WDV</td>
<td>One</td>
<td>Random</td>
<td>ND , ID</td>
<td>MTEC</td>
<td>MTEC</td>
<td>FL , FH , PBA</td>
</tr>
<tr>
<td>Current research</td>
<td>WDV</td>
<td>One</td>
<td>Random</td>
<td>SD , SC</td>
<td>SD</td>
<td>MTEC</td>
<td></td>
</tr>
</tbody>
</table>


Most of the existing studies on the facility location emphasizing on the the network resilience do not consider the physical resilience of each component and its recovery time in problem modeling. Only two researchers included these features in their proposed models, especially in intentional disruption conditions and discrete time periods. They do not make decisions about the facility location and only consider the allocation of limited protection resources among located facilities in order to reduce their recovery time. To the best knowledge of us, no study has simultaneously considered the hardening decisions and resilience.
of facilities with continuous facility recovery time incorporated in the facility location model in random disruption conditions. The current study covers the mentioned research gaps to address the non-intentional disruptions. The main contributions of this study that differentiate it from the previous studies in the related literature can be summarized as follows:

- Non-linear integer programming models are developed for the facility location-allocation problem in the supply chain network design, considering capacity limitation, facility hardening, and facility resiliency to optimize the total expected cost in disruption events.
- A comparison of the priorities of designed networks is made with those of classical network in facility location problems in different facility failure probabilities;
- The nonlinear proposed models are linearized by suitable techniques.
- A Lagrangian decomposition algorithm (LDA) is developed to obtain a solution to large-scale problems in a reasonable amount of time.

3. Problem Development

3.1. Problem description and assumptions

This section first introduces some common assumptions and notations and, then, proposes three formulations for the reliable capacitated fixed charge facility location problem under their special assumptions and random disruption risk. In all of them, there is a set of potential locations for establishing capacitated facilities and a set of demand centers that must be served by these capacitated facilities. The main assumptions of this study can be as follows: 1) Customer demands are deterministic; 2) the transportation cost is related to the distance between a customer and its assigned facility; 3) each facility can be hardened with an extra cost during its establishment; 4) the disruption probability in facilities is independent of each other. 5) Hardened facilities are completely reliable and are immune against failure. 6) Once a facility fails, it becomes unavailable and its assigned customers should be reassigned to the nearest hardened facility.

3.2. Indices and sets

- $i$: Potential facility location
- $j$: Customer location

3.3. Model parameters

- $a_i$: Opening cost of facility $i$
- $p_i$: Failure probability of facility $i$
- $h_i$: Hardening cost of facility $i$
- $h_{ij}$: Distance of customer $j$ from facility $i$
- $tr_i$: Recovery time of facility $i$
- $c_i$: Capacity of facility $i$
- $rc_i$: Recovery cost of facility $i$
- $s_i$: Penalty cost of facility $i$
- $d_j$: Demand of customer $j$
- $m_{ij}$: Partial demand of customer $j$ assigned to facility $i$ that Supply from another one
- $k$: Total hardening budget
- $b$: Total penalty budget
- $U$: Total recovery cost budget

3.4. Decision variables

- $x_i$: Opening facility in location $i$
- $z_i$: Hardening facility in location $i$
- $x_{0ij}$: Primary assignment of facility $i$ to customer $j$
- $x_{1ij}$: Backup assignment of facility $i$ to customer $j$
3.5. Problem formulations

This section proposes three formulations for the reliable capacitated fixed charge facility location allocation problem considering facility hardening and resiliency as the two main features. In the first one, only the hardening ability in the network design is considered, and its corresponding model is called “RFLA&H” (i.e., reliable facility location-allocation with the hardening ability). In the second one, another model that enjoys the resilience ability is proposed, which is called “RFLA&RE”. The last one includes an integrated model, which contains both hardening and resilience abilities called “RFLA&H&RE”.

3.5.1. Reliable capacitated facility location allocation problem using hardening ability

This problem is called RFLA&H as a nonlinear integer programming model that minimizes the total expected cost by opening optimal facilities, deciding about hardening of opened facilities and allocating customers to normal and hardened facilities as primary and backup assignments. The RFLA&H model is presented below:

\[
\min W = \sum_{i} x_{ij} + \sum_{i} \sum_{j} x_{ij} \cdot h_j \cdot d_j \cdot (1 - p_i \cdot (1 - z_i)) \\
+ \sum_{i} \sum_{j} x_{ij} \cdot h_j \cdot d_j \cdot \sum_{i} x_{ij} \cdot p_i \cdot (1 - z_i) + \sum_{i} z_i \cdot h_i
\]

Subject to

\[x_{0i} \leq x_i \quad \forall i, j \]
\[x_{ij} \leq x_i \quad \forall i, j \]
\[\sum_{j} x_{ij} + x_{ij} \geq x_i \quad \forall i \]
\[\sum_{i} x_{ij} = 1 \quad \forall j \]
\[\sum_{j} x_{ij} \leq 1 \quad \forall j \]
\[x_{ij} \leq Z_i \quad \forall i, j \]
\[\sum_{r} x_{ir} \geq x_{ir} \cdot (1 - z_i) \quad \forall i \]
\[\sum_{r} x_{ir} \leq 1 - (x_{ir} \cdot z_i) \quad \forall i \]
\[z_i \leq x_i \quad \forall \]
\[\sum_{j} (x_{ij} \cdot d_j + (d_j \cdot x_{ij} \cdot \sum_{r} x_{ij} \cdot (1 - z_r))) \leq c_i \quad \forall i \]
\[\sum_{j} x_{0j} \geq x_j \quad \forall j \]
\[\sum_{j} z_j \cdot h_j \leq K \quad \forall j \]
\[x_i, x_{ij}, x_{ij}, z_i \in [0, 1] \quad \forall \]

Equation (1) is the objective function that minimizes the total expected cost. This cost includes the fixed cost of opening and hardening of facilities and variable transportation costs. Constraints (2) and (3) guarantee that only an open facility can serve as a supplier. Constraint (4) assures that the opening facility can serve customers as either primary or backup supplier. Constraints (5) and (6) assure that each customer should be supplied from only one facility as either primary or backup. Constraint (7) assures that only hardened facility can be assigned to customers as the backup supplier. Constraints (8) and (9) assure that only customers of failed facilities can be reassigned to a backup facility. Constraint (10) guarantees that only an open facility can be hardened. Constraint (11) considers the capacity limitation of each facility to serve customers. Constraint (12) guarantees that a backup assignment can occur if it has at least one primary assigned customer, and Constraint (13) limits the hardening budget. Constraint (14) defines decision variables type.

3.5.2 Reliable capacitated facility location allocation problem with resilience ability

In this section, a capacitated fixed charge facility location-allocation problem is formulated with the resilience ability in a random disruption condition called RFLA&RE as a linear integer
programming model with the following special additional assumptions. 1) The events of facility failures occur before servicing. 2) Each facility has an associated penalty cost, recovery time, and recovery cost that it takes to become fully operational after a failure. 3) Recovery cost of a facility is related to its capacity. 4) Penalty cost of a facility is related to its customers demand. 5) Backup allocation is not allowed in this model; therefore, customers of a failed facility will receive a penalty cost during the facility recovery time to be served instantaneously. The RFLA&RE model is presented below.

\[
\text{min} W = \sum_{i} a_{i} x_{i} + \sum_{i} \sum_{j} x_{ij} h_{ij} \epsilon \quad (15)
\]

Subject to Constraint (2),(5),

\[
\sum_{i} x_{ij} + \sum_{j} x_{ij} x_{ij} = \leq U \quad (16)
\]

\[
\sum_{i} x_{ij} x_{ij} \leq B \quad (17)
\]

\[
\sum_{j} x_{ij} d_{j} \leq c_{i} \quad \forall i \quad (18)
\]

\[
x_{i}, x_{ij} \in [0,1] \quad \forall i, j \quad (19)
\]

The objective function minimizes the total expected cost, including the fixed cost of opening facilities, variable costs of transportation, penalty, and recovery costs. Constraints (16) and (17) are the recovery and penalty cost budget constraints, respectively. Constraint (18) limits the capacity of serving facility. Constraint (19) defines the decision variables type.

### 3.5.3 Reliable capacitated facility location allocation problem of resilient facilities with hardening ability

In this section, an integrated integer nonlinear programming model called RFLA&H,RE is presented. In this proposed model, it is assumed that customers are served gradually with the fixed velocity in unit of time; therefore, the penalty cost should be paid for their non-served part of demands during the facility recovery time. This model is presented below.

\[
\text{min} W = \sum_{i} a_{i} x_{i} + \sum_{i} \sum_{j} x_{ij} h_{ij} \times (d_{j} - m_{ij}) \quad (20)
\]

Subject to Constraints(2)-(13), (16),

\[
\sum_{i} \sum_{j} x_{ij} = m_{ij} x_{i} \leq B \quad (21)
\]

\[
\sum_{i} (x_{ij} - x_{ij}) \times (m_{ij} - x_{ij}) \leq \epsilon_{i} \quad \forall i \quad (22)
\]

\[
x_{i}, x_{ij} \in [0,1] \quad \forall i, j \quad (23)
\]

Constraint (21) limits the penalty cost to its budget, and Constraint (22) is the facility capacity constraint. Constraint (23) defines the decision variables type. Table 2 shows a comparison of three proposed models with basic characteristics.

### Tab. 2. A comparison of three proposed models considering a basic characteristic

<table>
<thead>
<tr>
<th>Model</th>
<th>Decision Variables</th>
<th>Objective Function</th>
<th>Customer Information About Facility Status</th>
<th>Penalty Payment</th>
<th>Facility Features</th>
<th>Facility Disruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>OF, HF, PBA</td>
<td>TEC</td>
<td>Incomplete</td>
<td>Facility incurs penalty during recovery time</td>
<td>HA</td>
<td>RIS</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>OF, PA</td>
<td>TEC</td>
<td>Incomplete</td>
<td>REA</td>
<td>RIS</td>
<td></td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>OF, HF, PBA</td>
<td>TEC</td>
<td>Incomplete</td>
<td>Facility incurs penalty during recovery time</td>
<td>HA, REA</td>
<td>RIS</td>
</tr>
</tbody>
</table>


### 4. Solution Algorithm

Since the classic solution algorithms for the capacitated location-allocation problem need a huge amount of computational time, especially in large cases, it seems to be essential to propose an efficient solution approach for solving the models.
in large instances. Here, a Lagrangian decomposition-based algorithm is proposed to solve the problem efficiently.

Lagrangian decomposition algorithm

Lagrangian relaxation is one of the important and popular techniques for solving integer programming problems. In Lagrangian relaxation algorithm, the main issue is to identify a set of complicated constraints of a general integer programming that increase the computational complexity of the solution approach and add them to the objective function by multiplying by Lagrangian coefficients. On the other hand, the decomposition approach is a general procedure for solving a problem by decomposing it into smaller ones and solving each of them separately. Because of the ability of the Lagrangian Decomposition Algorithm (LDA) to provide equal or better lower bounds to/than Lagrangian relaxation, in this paper, by the relaxation of constraints that relate allocation and hardening variables to location ones, the problem is decomposed into two sub problems. Both sub problems can be solved optimally to generate lower and upper bounds concurrently. The penalties are adjusted based on the violation of relaxed constraints, and the process is repeated until achieving a deterministic stopping criterion.

4.1. Lagrangian formulation for RFLA&H model

In the RFLA&H model, by the relaxation of constraints (2),(3),(4),(10),(12), the relaxed problem can be expressed as follows:

\[
\min w_{LR} = \sum_{i} a_{i} x_{i} + \sum_{i} \sum_{j} g_{ij} \times h_{ij} \times d_{ij} \times (1 - p_{ij} \times (1 - z_{i})) + \sum_{j} x_{ij} \times h_{ij} \times d_{ij} \times \sum_{j} p_{ij} \times (1 - z_{i}) + \sum_{i} z_{i} \times h_{i} + \sum_{i} \sum_{j} \mu_{ij} \times (x_{ij} - x_{ij}) + \sum_{i} \sum_{j} \mu_{ij} \times (z_{i} - z_{i}) + \sum_{i} \sum_{j} \mu_{ij} \times (z_{i} - z_{i})
\]

Subject to: Constraints (5)-(7),(13),

\[
\begin{align*}
\sum_{j \neq r} x_{ij} &\geq x_{ij} - y_{ij} \quad \forall r, j \\
\sum_{l \neq r} x_{ij} &\geq 1 - y_{ij} \quad \forall r, j \\
\sum_{j} ((x_{ij} \times d_{ij} + (d_{ij} \times \sum_{j} (y_{j} - y_{ij}))) &\leq e_{i} \quad \forall i \\
y_{1ij} &\leq z_{i} \quad \forall i, j \quad (25)
\end{align*}
\]

The above formulation can be decomposed into two sub-sub-problems to be solved in a separable and easier manner, referred to here as Sub1 and Sub2, respectively. The first sub-problem, Sub1, which is expressed in terms of the x binary variables only, is given below:

\[
\min W_{sub1} = \sum_{i} a_{i} x_{i} + \sum_{j} x_{ij} \times z_{i} + \sum_{j} h_{ij} \times x_{ij} + \sum_{j} d_{ij} \times x_{ij} \quad (30)
\]

Subject to:

\[
x_{ij} \in \{0, 1\} \quad \forall i, j
\]

The second sub-problem (Sub2), which is defined in terms of the x binary variables only, is given below:

\[
\min W_{sub2} = \sum_{i} a_{i} x_{i} + \sum_{j} x_{ij} \times z_{i} + \sum_{j} h_{ij} \times x_{ij} + \sum_{j} d_{ij} \times x_{ij} \quad (31)
\]

Subject to:

\[
x_{ij} \in \{0, 1\} \quad \forall i, j
\]
42. Analysis of the Hardening and Resilience Ability in Location-Allocation Problems

\[ y_{10}, y_{20}, y_{30}, \] binary variables, is given as follows:

\[
egin{align*}
\min W_{sub} &= \sum_{i,j} x_{ij0} \times b_j \times d_i - \sum_{i,j} x_{ij} \times b_j \times d_i \\
&+ \sum_{i,j} x_{ij} \times y_{ij0} \times p_i \times b_j \times d_i + \sum_{i,j} x_{ij} \times y_{ij} \times p_i \times b_j \times d_i \\
&- \sum_{i,j} x_{ij} \times y_{ij} \times p_i \times b_j \times m_j \\
&+ \sum_{i,j} x_{ij} \times y_{ij} \times p_i \times b_j \times m_j \\
&+ \sum_{i,j} x_{ij} \times y_{ij} \times p_i \times b_j \times m_j \\
&+ \text{Subject to: Constraints (5)-(7), (13), (26)-(37),}\end{align*}
\]

4.2 Lagrangian formulation for RFLA\&HE model

In order to apply the Lagrangian decomposition for RFLA\&HE model, our proposed model is modified by adding a new additional binary variable \( y_{ij} \) (equivalent to \( x_{ij} \times z_j \)), previous additional variables \( y_{10}, y_{210}, y_{30} \), and additional Constraints (44)-(50); then, Constraints (2)-(4), (7), (12), (29), and (31) are relaxed in the following formulation:

\[
\begin{align*}
\min W_{sub} &= \sum_{i,j} a_i \times x_{ij} + \sum_{i,j} x_{ij} \times h_j \times d_i + \sum_{i,j} x_{ij} \times h_j \times d_i \\
&+ \sum_{i,j} x_{ij} \times y_{ij} \times p_i \times b_j \times m_j \\
&+ \text{Subject to: Constraints (5),(6),(10),(13),(26),(27),(30), (32)-(37),}\end{align*}
\]

\[ x_{0i}, x_{1i}, z_i, y_{1i}, y_{21i}, y_{30}, \in \{0,1\} \quad \forall i, j, r \]

4.3. Sub-gradient optimization

In order to solve the mentioned decomposed problems, a sub-gradient algorithm is used to calculate the Lagrangian multipliers. The sub-gradient optimization is applied by using the following notations and steps.
\[ W_{LB} : \quad \text{Best lower bound} \]
\[ W_{UB} : \quad \text{Best upper bound} \]
\[ \epsilon_M : \quad \text{Max of relative gap} \]
\[ L : \quad \text{Stepsize} \]
\[ \mu : \quad \text{Stepsize coefficient} \]
\[ t : \quad \text{Number of iterations} \]
\[ t_{\text{max}} : \quad \text{Max iteration} \]
\[ \epsilon_q : \quad \text{Violation of relaxed constraint } q \text{ from sub1, sub2 solutions in iteration } t \]
\[ IM_0 : \quad \text{Max iteration without improvement} \]

\begin{enumerate}
\item \text{Step 0:} Initialize the parameters \((u_q, \mu, t_{\text{max}}, \epsilon_M, L)\).
\item \text{Step 1:}
\begin{enumerate}
\item Solve sub1.
\item Solve sub2.
\item Set \( W_{LB} = W_{sub1} + W_{sub2} \).
\item If \( W_{LB} \geq W_{UB} \) set \( W_{LB} = W^* \).
\item Fix the sub1 solution in the main problem and get \( (W^*) \).
\item If \( W^* < W_{UB} \) set \( W_{UB} = W^* \).
\item Set \( \epsilon = \frac{(W_{UB} - W_{LB})}{W_{LB}} \).
\end{enumerate}
\item \text{Step 2:}
\begin{enumerate}
\item If \( t \geq t_{\text{max}} \) or \( \epsilon \leq \epsilon_M \) stop.
\item Otherwise, go to the next step.
\end{enumerate}
\item \text{Step 3:}
\begin{enumerate}
\item If \( IM \geq IM_0 \), then \( \mu = \mu / 2 \).
\end{enumerate}
\end{enumerate}

5. Result

Some numerical analyses from different aspects are described in two parts. In the first one, the validity of the proposed mathematical models is evaluated. In the second one, the performance of the proposed model is compared with that of the classic model in different failure probabilities. Then, in the next part, the efficiency of the proposed solution algorithm (LDA) is considered in terms of both solution quality and computational time.

5.1. Sensitivity analysis

In order to analyze the validity of the proposed models, some instances with different sizes are considered. The small-sized one comprises 7 facilities and 5 customers. For the mentioned instance, different parameters (e.g., capacity, facility construction cost, facilities failure probability, facility hardening cost, recovery time, recovery cost, and penalty cost) are analyzed individually on the model behavior. Then, the effect of simultaneous changes of these parameters is analyzed, too. The results are reported in Tables 3 to 11.

### Table 3. Analysis of capacity effect on the model’s performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>300</td>
</tr>
<tr>
<td>RFLA&amp;H</td>
<td>(0,0,0,1,1,0,1)</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>(1,0,1,0,1,0,0)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(1,1,0,1,0,0)</td>
</tr>
</tbody>
</table>

### Table 4. Effect of construction cost on the model’s behavior

<table>
<thead>
<tr>
<th>Model</th>
<th>( a_i )</th>
<th>( x_i )</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>(100,200,200,200,100,200,200)</td>
<td>(1,0,1,1,0,0)</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>(100,200,100,200,200,200)</td>
<td>(1,0,1,1,0,0)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(200,200,200,100,100,200,200)</td>
<td>(0,0,1,1,1,0)</td>
</tr>
</tbody>
</table>

### Table 5. Analysis of facility failure probability on the model’s performance

<table>
<thead>
<tr>
<th>Model</th>
<th>( p_i )</th>
<th>( x_i )</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>(0,001,0,3,0,6,0,001,0,5,0,1,0,4)</td>
<td>(1,0,1,0,1,0)</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>(0,001,0,3,0,6,0,001,0,5,0,1,0,4)</td>
<td>(1,0,1,0,1,0)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(0,001,0,3,0,6,0,001,0,5,0,1,0,4)</td>
<td>(1,0,1,0,0,1)</td>
</tr>
</tbody>
</table>
### Tab. 6 Analysis of hardening cost on the behavior of three models

<table>
<thead>
<tr>
<th>Model</th>
<th>$b_i$</th>
<th>$x_i$</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>(270,100,150,180,120,300,300)</td>
<td>(0,1,1,0,1,0,0)</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(110,100,150,180,120,300,300)</td>
<td>(0,1,1,0,1,0,0)</td>
</tr>
</tbody>
</table>

### Tab. 7. Analysis of recovery time on the behavior of three models

<table>
<thead>
<tr>
<th>Model</th>
<th>$r_i$</th>
<th>$x_i$</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>(2.6,8,5,1,3,6)</td>
<td>(1,0,0,1,0,0)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(4.6,10,2,1,8,6)</td>
<td>(0,0,1,1,0,0)</td>
</tr>
</tbody>
</table>

### Tab. 8. Analysis of recovery cost on the behavior of three models

<table>
<thead>
<tr>
<th>Model</th>
<th>$rc_i$</th>
<th>$x_i$</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>(10,5,2,9,4,3,7)</td>
<td>(0,0,1,0,1,0)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(10,8,2,1,4,5,7)</td>
<td>(0,0,1,1,0,0)</td>
</tr>
</tbody>
</table>

### Tab. 9. Analysis of penalty cost on the behavior of three models

<table>
<thead>
<tr>
<th>Model</th>
<th>$s_i$</th>
<th>$x_i$</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>(10,3,5,9,1,2,6)</td>
<td>(0,0,0,1,1,0)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(4,10,7,9,11,5,2)</td>
<td>(1,0,0,0,0,1)</td>
</tr>
</tbody>
</table>

### Tab. 10. Pair wise analysis of hardening cost, recovery time and recovery cost on the model’s performance

<table>
<thead>
<tr>
<th>Model</th>
<th>$(b_j,r_j,x_j)$</th>
<th>$(c_j,rc_j,x_j)$</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;R</td>
<td>(600,300,500,300,600,300,400)</td>
<td>(10,10,20,40,10,30,10)</td>
</tr>
<tr>
<td>RFLA&amp;H</td>
<td>(10,60,15,50,60,20,20)</td>
<td>(0,1,0,0,1,0,0)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(6,1,7,2,1,5,5)</td>
<td>(1,1,3,0,1,0,1)</td>
</tr>
</tbody>
</table>

### Tab. 11. Pair wise analysis of failure probability, hardening cost, and recovery time on the models’ performance

<table>
<thead>
<tr>
<th>Model</th>
<th>$(p_i,b_j,x_j)$</th>
<th>$(p_i,r_j,x_j)$</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFLA&amp;H</td>
<td>(0.9,0.1,0.001,0.0001..01,0.9,0.9)</td>
<td>(0.0,1,1,1,0,0)</td>
</tr>
<tr>
<td>RFLA&amp;RE</td>
<td>(0.95,0.001,0.99,0.1,0,9,0.1,0.008)</td>
<td>(2.9,1,4,3,6,10)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(0.0001,0.9,0.0001,0.00001,0.99,0.01</td>
<td>(0.0001,0.1,0,001,0.99,0.8,0.001,0.02)</td>
</tr>
<tr>
<td>RFLA&amp;H</td>
<td>(30,70,30,90,60,30,30)</td>
<td>(10,6,5,1,3,2,9)</td>
</tr>
<tr>
<td>RFLA&amp;H,RE</td>
<td>(0,0,1,1,0,0.5)</td>
<td>(0,0,1,1,0,1,0)</td>
</tr>
</tbody>
</table>
5.2. Comparison of networks designed of the proposed model and the classic network
To compare the behavior of the proposed models with that of the classic model, which is called CFLA model, this paper compares their objective function values in different failure probability conditions. Moreover, they are compared in a condition where the hardening cost is less than the recovery and penalty costs (i.e., case 1), in a condition with the similar hardening, recovery, and penalty costs (i.e., case 2), and finally in a condition that we impose with a higher hardening cost rather than others (i.e., case 3). The results are reported in Figures (1)-(3), respectively.

Fig. 1. Comparison of objective function values of CFLA, RFLA&H, RFLA&RE, RFLA&H,RE models in Case 1

Fig. 2. Comparison of objective function values of CFLA, RFLA&H, RFLA&RE, RFLA&H,RE models in Case 2

Fig. 3. Comparison of objective function values of CFLA, RFLA&H, RFLA&RE, RFLA&H,RE models in Case 3
The results shown in Tables (3) to (9) confirm that the proposed models are valid. These results show that all the models tend to open facilities with a smaller number of the mentioned parameters in variation of the facility failure probability, construction cost, recovery time, hardening cost, penalty cost, and recovery cost. Moreover, it can be concluded that a smaller number of facilities will be opened by increasing the facilities capacity. Tables (10) and (11) show a pairwise analysis of the failure probability, hardening cost, recovery time, and recovery cost on the models’ performance.

The concurrent consideration of the failure probability and hardening cost in RFLA&H, RFLA&H,RE models shows that the models tend to open facilities with the lowest hardening cost, and if there is a need to open extra facilities because of capacity limitations, models will open facilities with a lower failure probability to decrease the total hardening expenses. Simultaneous consideration of the failure probability and recovery time in the RFLA&RE model shows that facilities with lower failure probability have a greater chance to be opened because of the existing penalty cost. In contrast, the RFLA&H,RE model tends to open facilities with lower recovery time. By considering the hardening cost and recovery time simultaneously, the RFLA&H,RE model tends to open facilities with lower hardening cost; then, if opening more facilities is needed, the model establishes facilities with a shorter recovery time among others. Finally, simultaneous consideration of the capacity and recovery cost confirms that the RFLA&RE model tends to open facilities with the lowest total recovery cost; however, the RFLA&H,RE model tends to open facilities with the lower recovery cost per unit of the lost capacity. The mentioned studies confirm that the proposed models are valid corresponding to their expectation. For more analysis, the problem in medium- and large-sized instances and the results of our analysis confirm the validity of the proposed models.

The results of the comparison of the designed networks of the proposed models and the classic network showed the following:

- Where the hardening costs of facility are high, the RFLA&RE and RFLA&H,RE models are more appropriate, respectively, because they propose a reliable network with lower additional cost than the classical network.
- While the hardening costs of facility are low, in the high facility failure probabilities, the RFLA&H and the RFLA&H,RE models are more appropriate; however, in the low facility failure probabilities, the RFLA&RE and the RFLA&H,RE models propose a secure network with very low additional cost over the classic network.

As for managerial implications, it can be noted that these proposed models can be used in the supply chain network design to decrease the negative effects of disruptions.

5.3. Lagrangian decomposition algorithm computational results

In this section, in order to compare the exact solution approach with Lagrangian decomposition algorithm, some instances with different sizes from small to large sizes are considered. The results are reported in Tables (12), (13), and Figures (4)-(7), respectively. The exact solution approach, which is the binary integer programming model, was coded in GAMS and solved by CPLEX solver.

### Table 12. The computational results of LDA for the RFLA&H model

<table>
<thead>
<tr>
<th>Instance</th>
<th>(F-C)</th>
<th>CPLEX</th>
<th>LB</th>
<th>UB</th>
<th>RG</th>
<th>CPU(s) LDA</th>
<th>CPU(s) CPLEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(7-12)</td>
<td>14325.100</td>
<td>14299.600</td>
<td>14415.200</td>
<td>0.008</td>
<td>1.3</td>
<td>2.5</td>
</tr>
<tr>
<td>2</td>
<td>(9-15)</td>
<td>18101</td>
<td>18099.700</td>
<td>18101.000</td>
<td>0.000</td>
<td>0.03</td>
<td>0.07</td>
</tr>
<tr>
<td>3</td>
<td>(10-17)</td>
<td>17501.000</td>
<td>17431.895</td>
<td>17501.000</td>
<td>0.004</td>
<td>31.1</td>
<td>143</td>
</tr>
<tr>
<td>4</td>
<td>(12-20)</td>
<td>21101.000</td>
<td>21019.895</td>
<td>21101.000</td>
<td>0.004</td>
<td>47</td>
<td>1001</td>
</tr>
<tr>
<td>5</td>
<td>(15-25)</td>
<td>28625.100</td>
<td>28574.600</td>
<td>28625.100</td>
<td>0.002</td>
<td>39.4</td>
<td>189</td>
</tr>
<tr>
<td>6</td>
<td>(17-30)</td>
<td>34901.000</td>
<td>34779.895</td>
<td>34901.000</td>
<td>0.003</td>
<td>877</td>
<td>1001</td>
</tr>
<tr>
<td>7</td>
<td>(20-35)</td>
<td>39625.100</td>
<td>39553.600</td>
<td>39625.100</td>
<td>0.002</td>
<td>126</td>
<td>1002</td>
</tr>
<tr>
<td>8</td>
<td>(23-40)</td>
<td>46901.000</td>
<td>46739.895</td>
<td>46901.000</td>
<td>0.003</td>
<td>126</td>
<td>1002</td>
</tr>
</tbody>
</table>

F: Number of facilities, C: Number of customers, LB: Lower bound of LDA, UB: Upper bound of LDA, RG: Relative gap, CPU(s): Computational time
The computational results for the RFLA&H,RE model show that, in both RFLA&H and RFLA&H,RE models, the Lagrangian Decomposition solutions are closer to their optimal solutions. In addition, in RFLA&H,RE and RFLA&H models, the Lagrangian Decomposition generates a very good near-optimal solutions in a shorter computational time than the exact solution.

<table>
<thead>
<tr>
<th>Instance</th>
<th>(F-C)</th>
<th>CPLEX</th>
<th>LB</th>
<th>UB</th>
<th>RG</th>
<th>CPU(s) LDA</th>
<th>CPU(s) CPLEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7-12</td>
<td>14450.200</td>
<td>14295.800</td>
<td>14549.800</td>
<td>0.018</td>
<td>0.85</td>
<td>0.58</td>
</tr>
<tr>
<td>2</td>
<td>9-15</td>
<td>17750.200</td>
<td>17568.100</td>
<td>19225.100</td>
<td>0.094</td>
<td>1.29</td>
<td>1.56</td>
</tr>
<tr>
<td>3</td>
<td>10-17</td>
<td>19950.200</td>
<td>19747.100</td>
<td>19950.200</td>
<td>0.010</td>
<td>1.67</td>
<td>2.84</td>
</tr>
<tr>
<td>4</td>
<td>12-20</td>
<td>23250.200</td>
<td>23017.800</td>
<td>23474.800</td>
<td>0.020</td>
<td>3.33</td>
<td>7.34</td>
</tr>
<tr>
<td>5</td>
<td>15-25</td>
<td>28750.200</td>
<td>28495.800</td>
<td>28974.800</td>
<td>0.017</td>
<td>7.405</td>
<td>1000.385</td>
</tr>
<tr>
<td>6</td>
<td>17-30</td>
<td>34250.200</td>
<td>33969.300</td>
<td>34474.800</td>
<td>0.015</td>
<td>19.796</td>
<td>1000.951</td>
</tr>
<tr>
<td>7</td>
<td>20-35</td>
<td>39725.700</td>
<td>39430.800</td>
<td>39926.300</td>
<td>0.013</td>
<td>127.572</td>
<td>865.313</td>
</tr>
<tr>
<td>8</td>
<td>23-40</td>
<td>45225.700</td>
<td>44902.700</td>
<td>45426.300</td>
<td>0.012</td>
<td>44.057</td>
<td>808.916</td>
</tr>
<tr>
<td>9</td>
<td>30-50</td>
<td>56150.200</td>
<td>55849.100</td>
<td>56426.300</td>
<td>0.010</td>
<td>115.753</td>
<td>1004.388</td>
</tr>
</tbody>
</table>

F: Number of facilities, C: Number of customers, LB: Lower bound of LDA, UB: Upper bound of LDA, RG: Relative gap, CPU(s): Computational time

Fig. 4. Comparison of objective function values of exact and LDA solutions (LB) in RFLA&H model

Fig. 5. Comparison of objective function values of exact and LDA solutions (LB) in RFLA&H,RE model

Fig. 6. Comparison of the computational time of exact and LDA solutions (LB) in RFLA&H model
6. Conclusions

Today, many supply chain networks face disruptions and other unexpected events throughout their chain. Although some of these disruptions are short-term, they can lead to serious negative financial and operational consequences. It should be noted that, due to the inability of the classical design networks against disruption, this problem should be considered when designing these networks. Designing a resilient network is one of the disruption management strategies that has been considered for this purpose during design of supply networks, demonstrating the ability of the network to conserve operations and network connections despite the lack of some parts of the chain. This paper considered the capacitated fixed charge facility location-allocation problem in the supply network design in a random disruption condition. For this purpose, three integer programming models with different facility abilities were proposed that minimized the total cost and the expected transportation cost after facility failures. In the first model, the hardening ability was considered, while, in the second one, the resilience ability was investigated; moreover, in the last one, the hardening and resilience abilities were considered together. In order to analyze the validity of the presented models, this study considered some instances of different sizes. The results of the analysis confirmed the validity of the proposed models. The comparison of these models and CFLA showed that the network designed by the CFLA model was not reliable; however, in the lower facility failure probabilities, the system reliability could have increased by very low additional investment by adding the hardening or resilience abilities to the facilities, while, in the higher failure probabilities, to ensure a reliable network, the difference between the cost of the proposed model and that of the CFLA model would increase. Computational results of the presented solution approach confirm that the Lagrangian decomposition algorithm in RFLA&H and RFLA&H,RE models has a good ability to generate very near-optimal solutions to the exact ones in a shorter computational time. Consideration of uncertainty of customer demands can be a new direction for the related future study. Additionally, considering the possibility of allocating more than one facility to a customer as a primary or backup assignment can be as another future work.

References


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