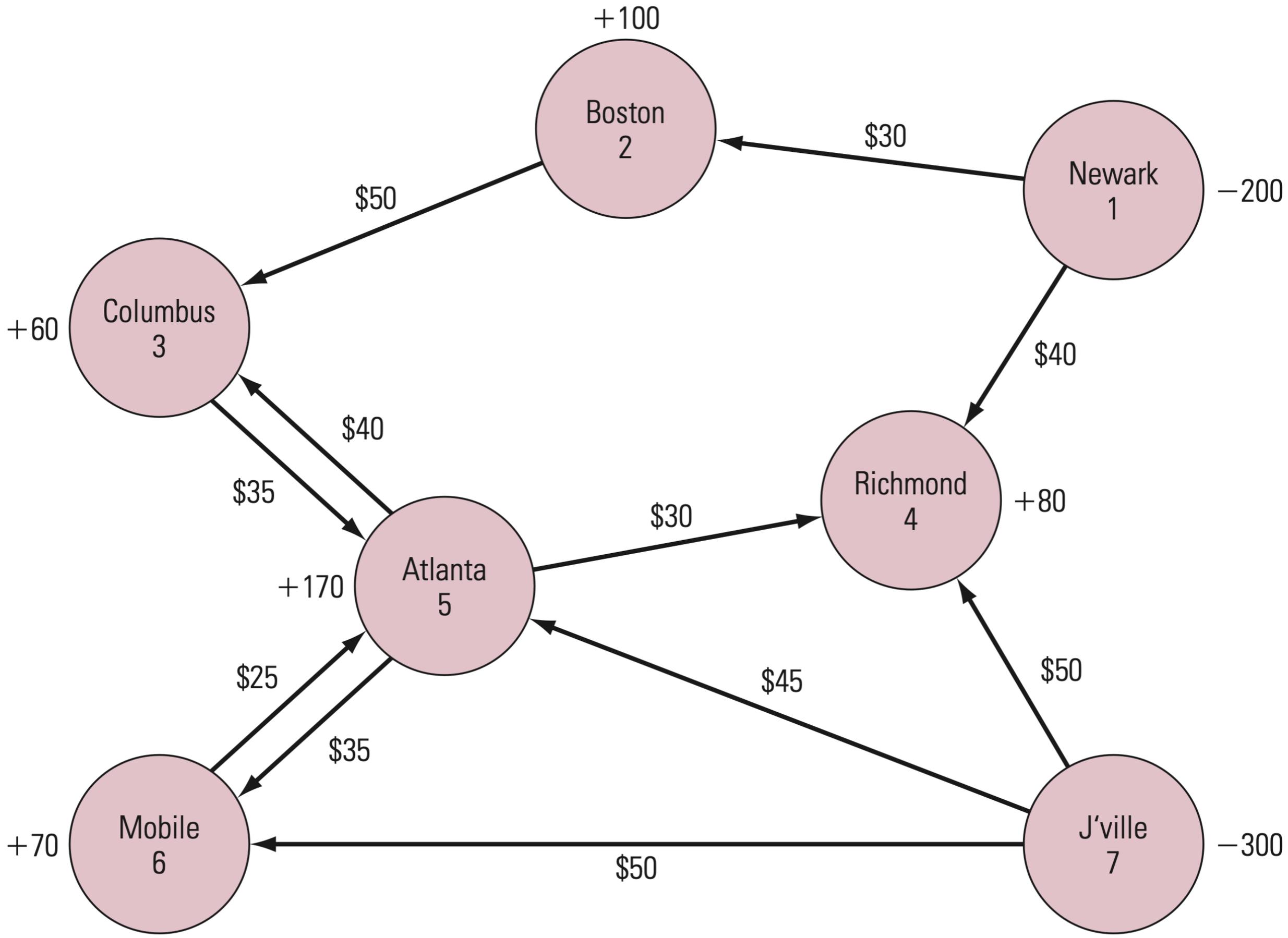


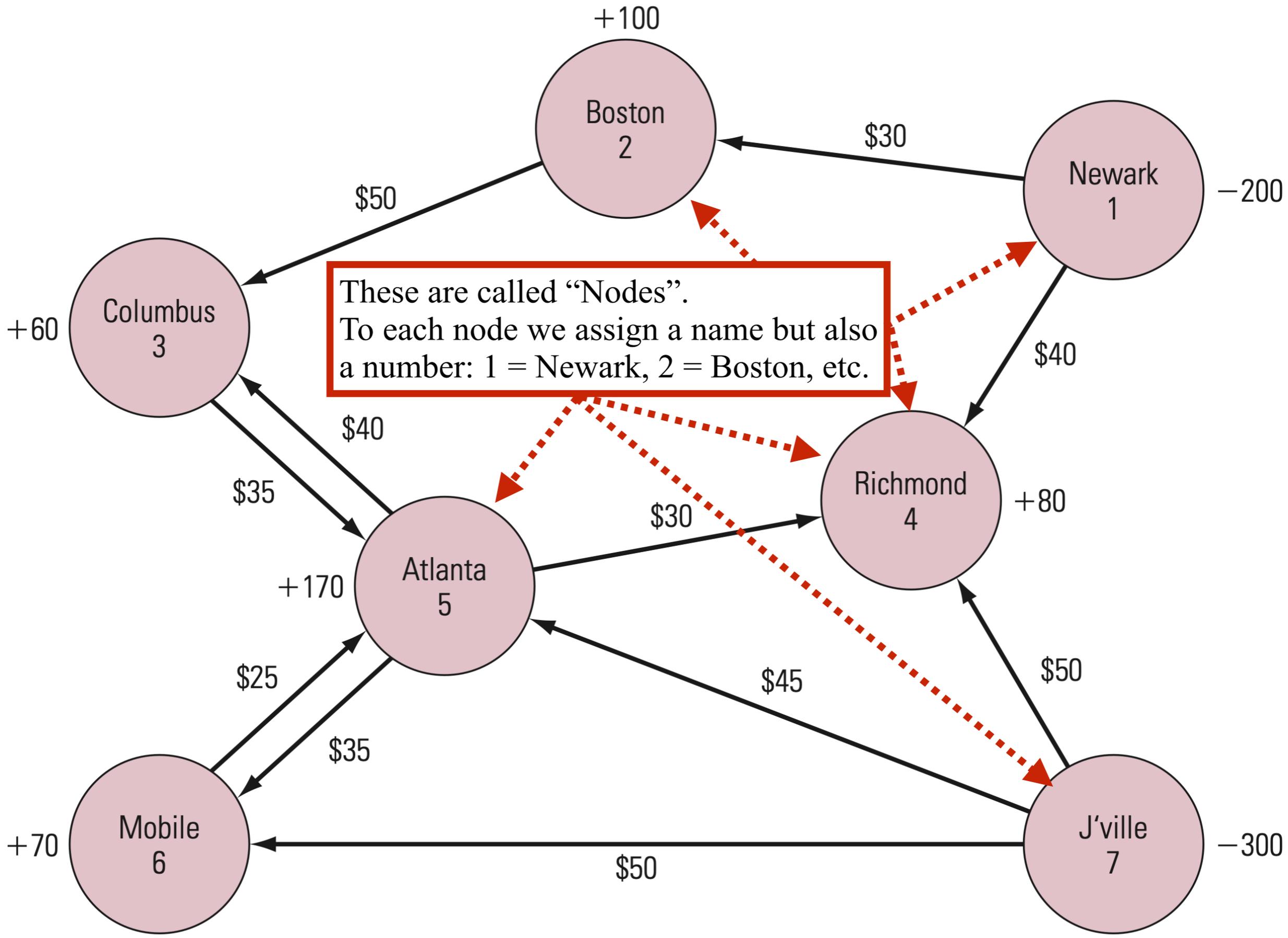
NETWORK FLOWS
with
EXCEL SOLVER

The Bavarian Motor Company Problem

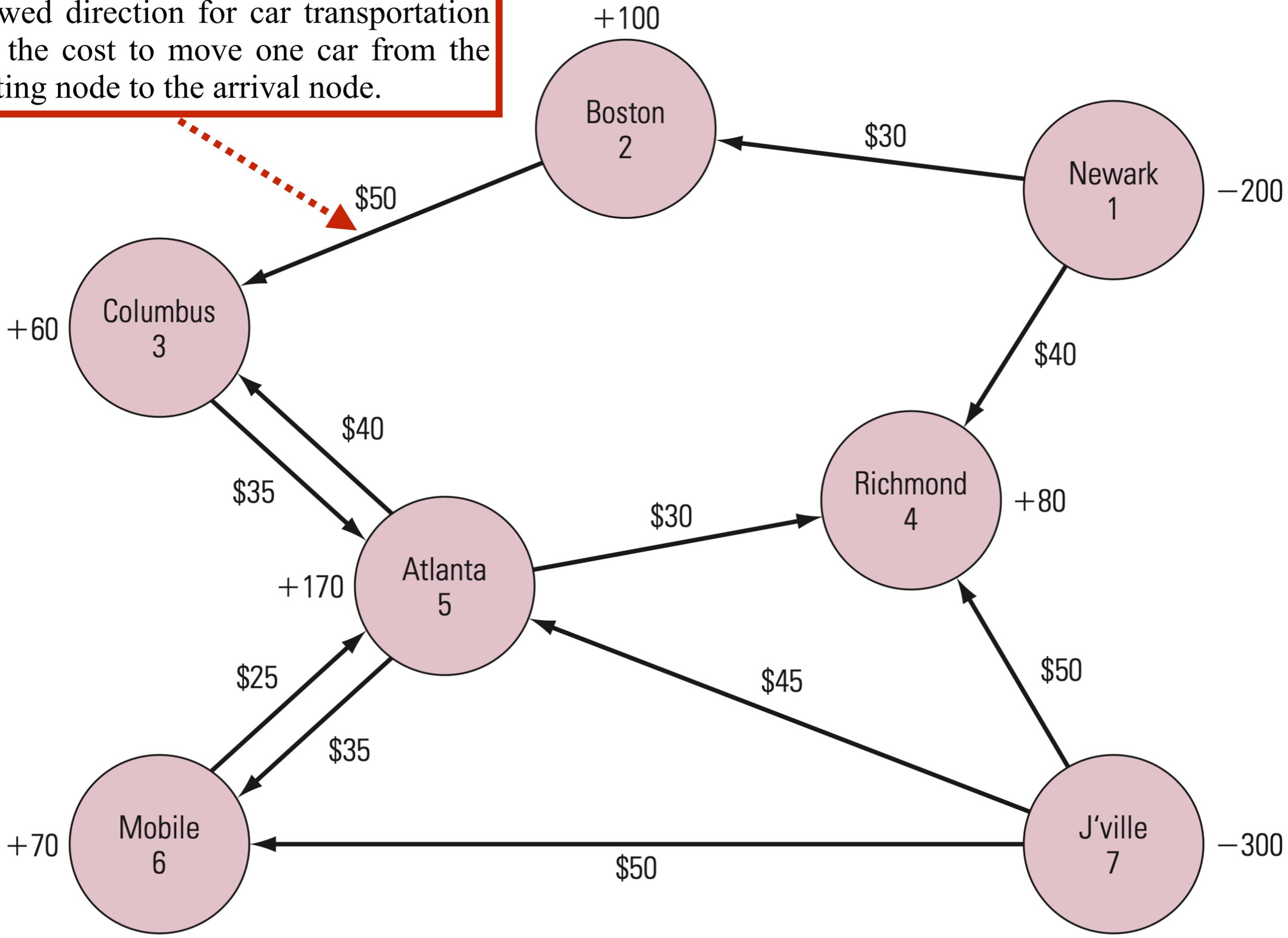
The Bavarian Motor Company (BMC) manufactures expensive luxury cars in Hamburg, Germany, and exports cars to sell in the United States. The exported cars are shipped from Hamburg to ports in Newark, New Jersey and Jacksonville, Florida. From these ports, the cars are transported by rail or truck to distributors located in Boston, Massachusetts; Columbus, Ohio; Atlanta, Georgia; Richmond, Virginia; and Mobile, Alabama.



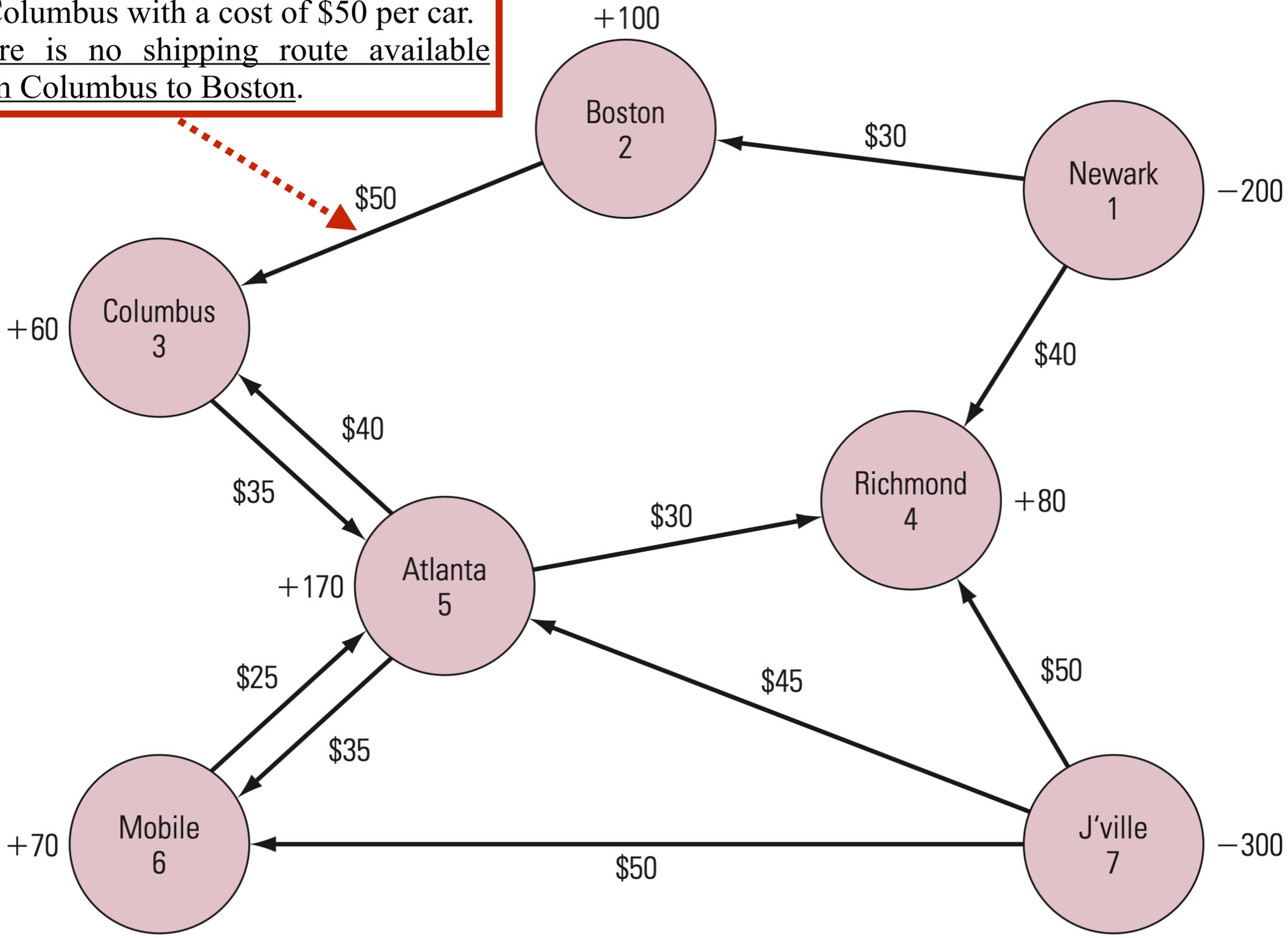


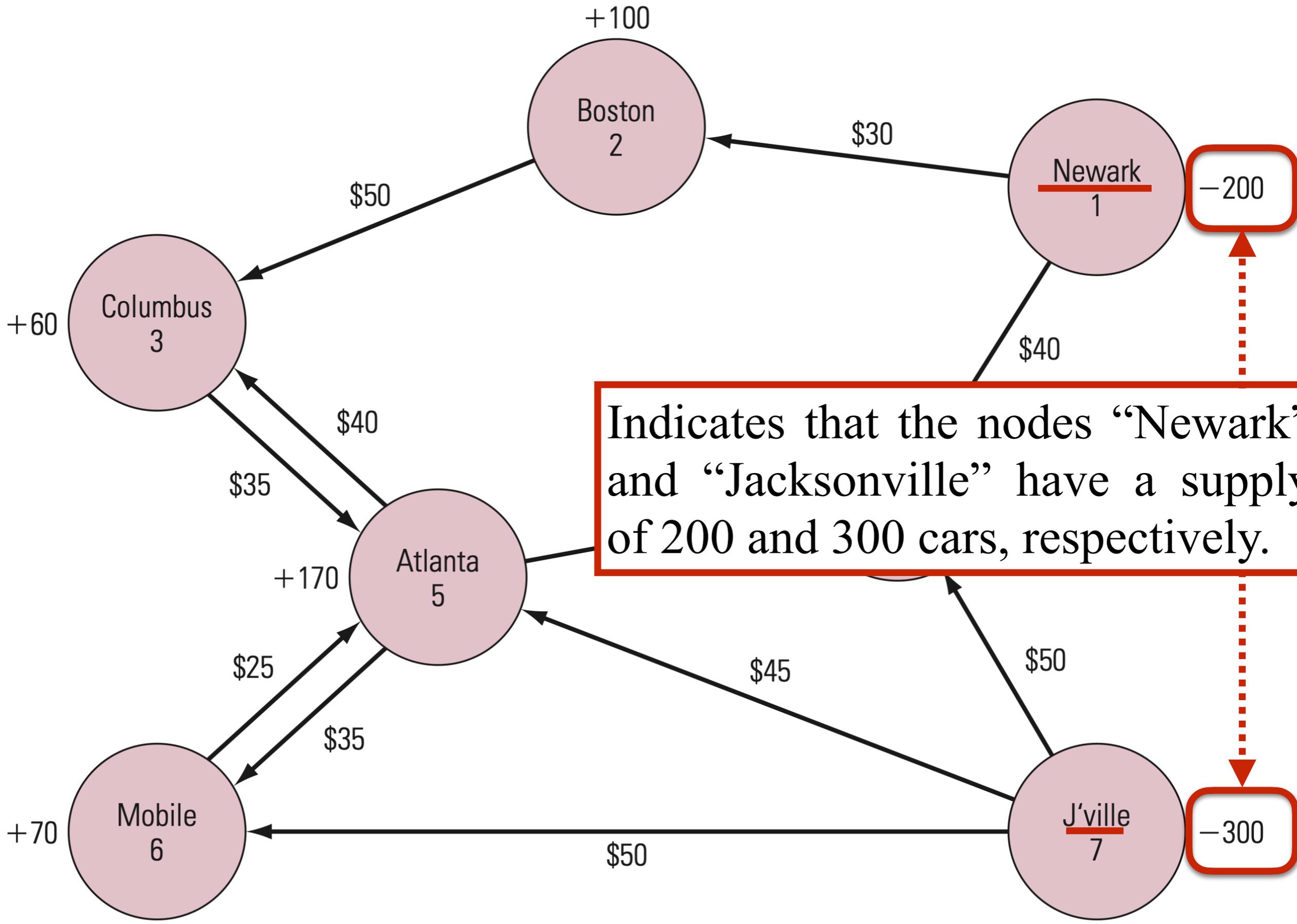


This is an "Arc". It indicates the allowed direction for car transportation and the cost to move one car from the starting node to the arrival node.



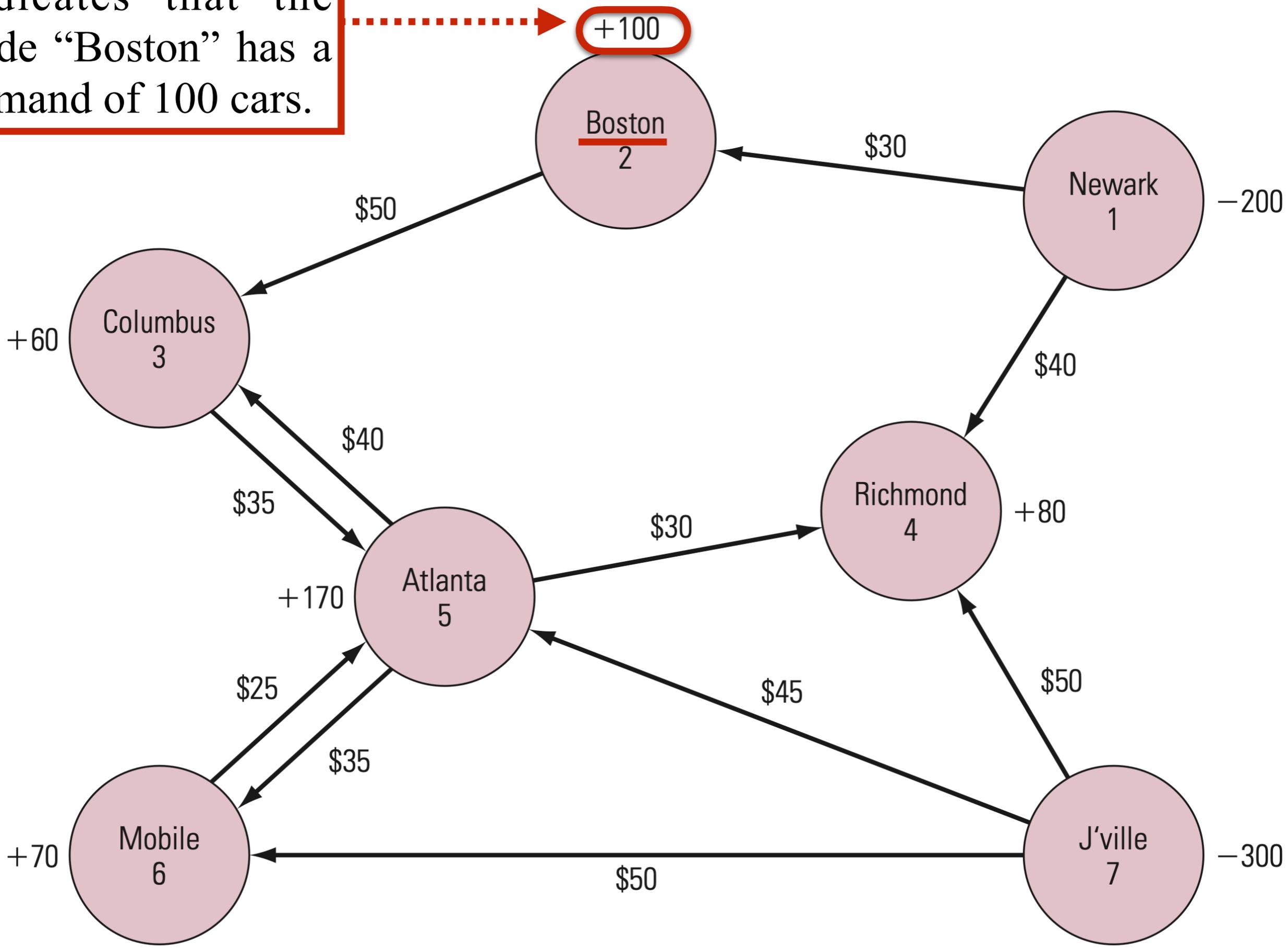
There is a shipping route from Boston to Columbus with a cost of \$50 per car.
There is no shipping route available from Columbus to Boston.





Indicates that the nodes “Newark” and “Jacksonville” have a supply of 200 and 300 cars, respectively.

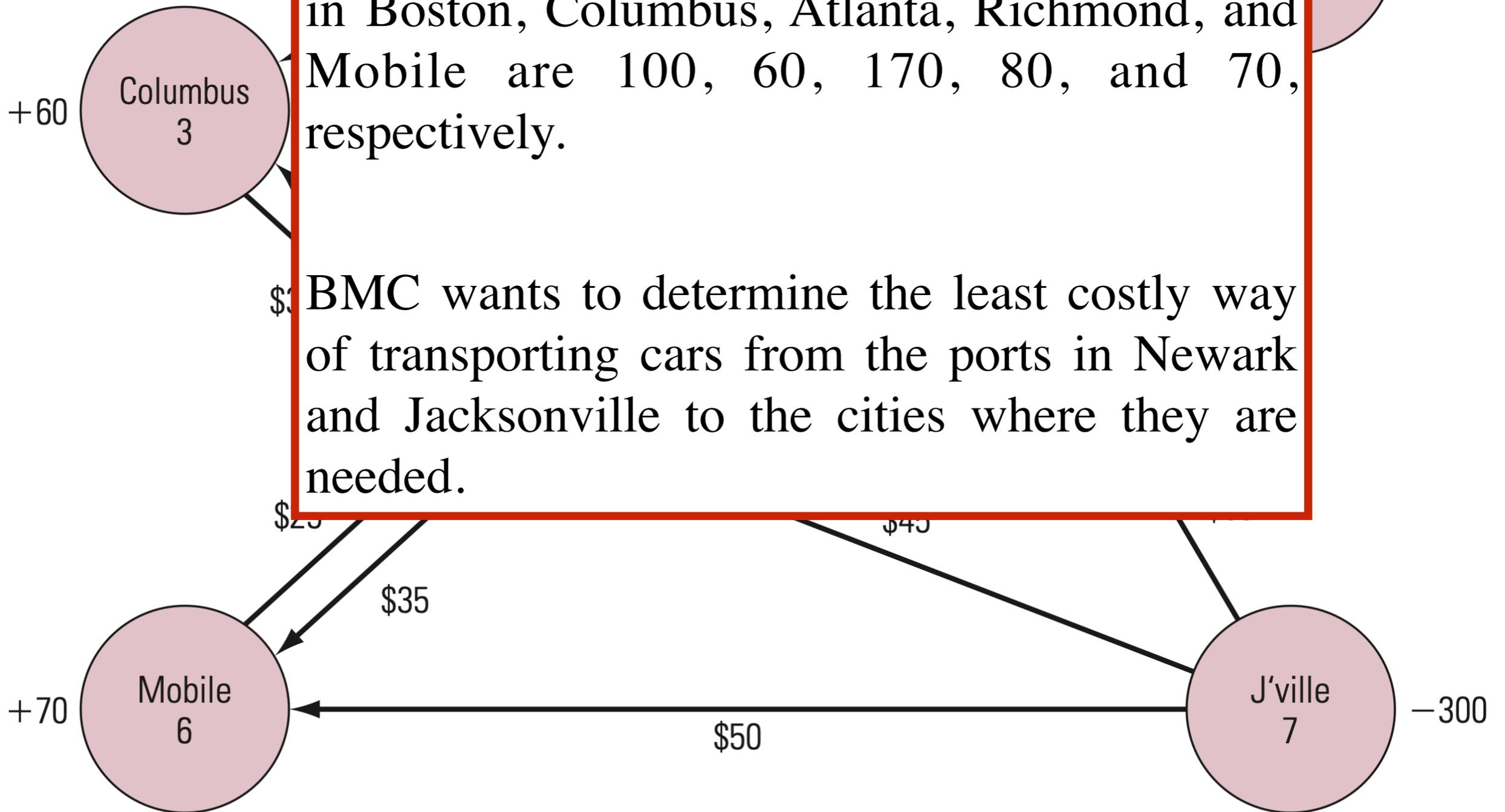
Indicates that the node "Boston" has a demand of 100 cars.



+100

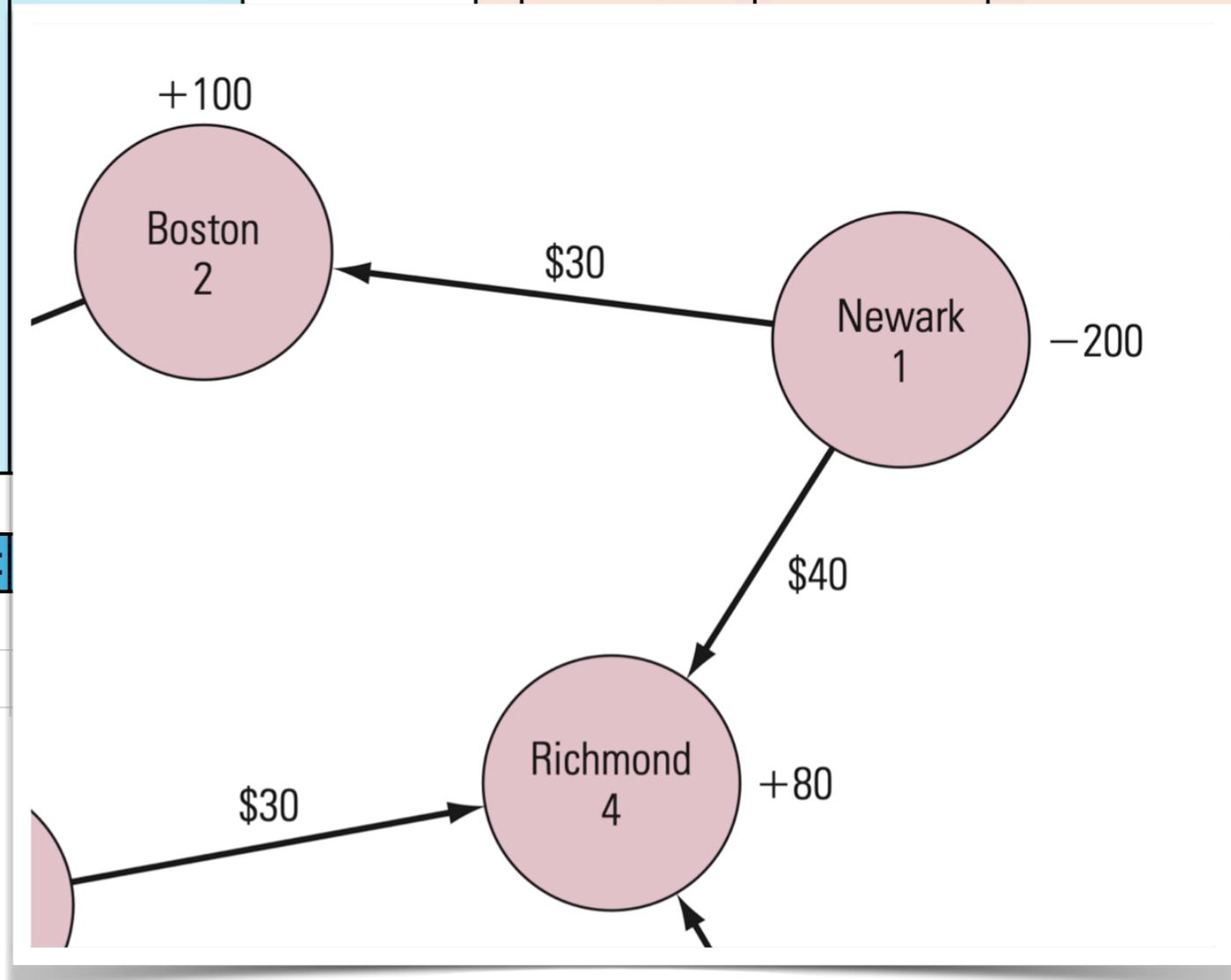
Currently, 200 cars are available at the port in Newark, and 300 are available in Jacksonville. The numbers of cars needed by the distributors in Boston, Columbus, Atlanta, Richmond, and Mobile are 100, 60, 170, 80, and 70, respectively.

BMC wants to determine the least costly way of transporting cars from the ports in Newark and Jacksonville to the cities where they are needed.



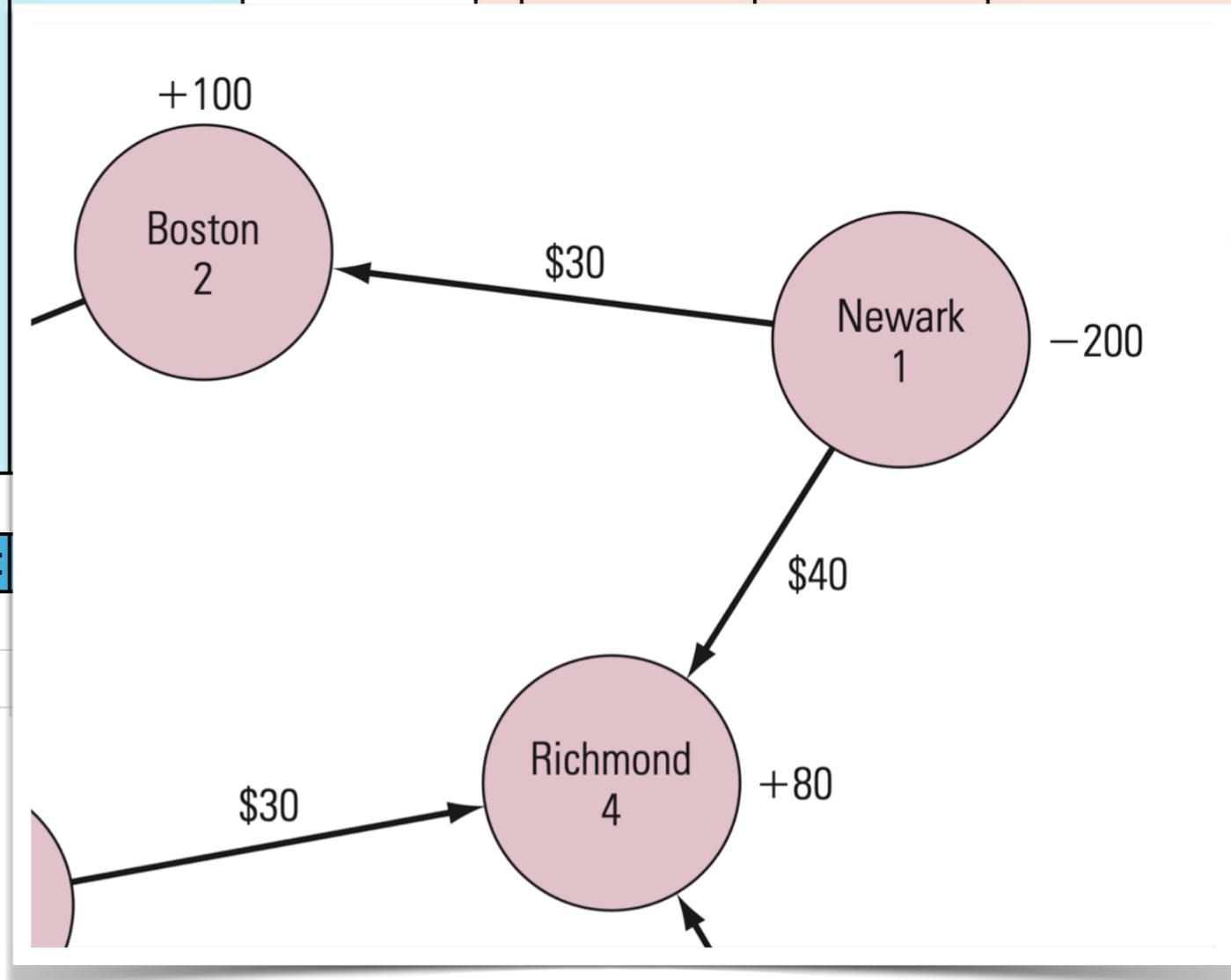
Newark (node number 1) can ship only to Boston (node 2) and Richmond (node 4) at the cost of \$30 and \$40, respectively

	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From		To		Unit cost			Nodes	Net Flow	Supply/Demand
4			1	Newark	2	Boston	\$30.00					
5			1	Newark	4	Richmond	\$40.00					
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16						Total cost						
17												
18												



The cells from B4 to B14 contain the decision variables: how many cars to ship from the starting node to the arrival node.

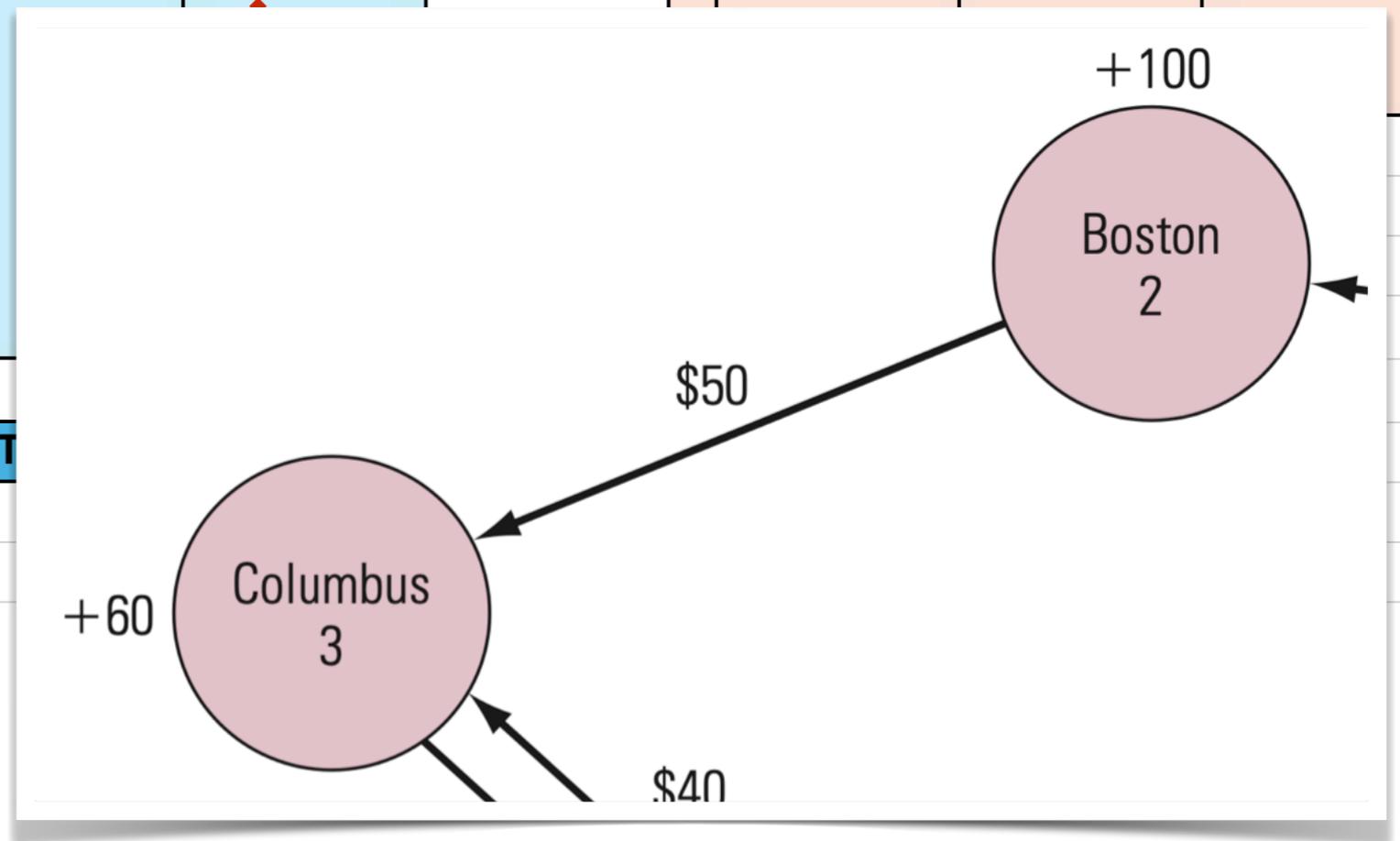
	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand	
4			1 Newark	2 Boston	\$30.00							
5			1 Newark	4 Richmond	\$40.00							
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16					Total cost							
17												
18												



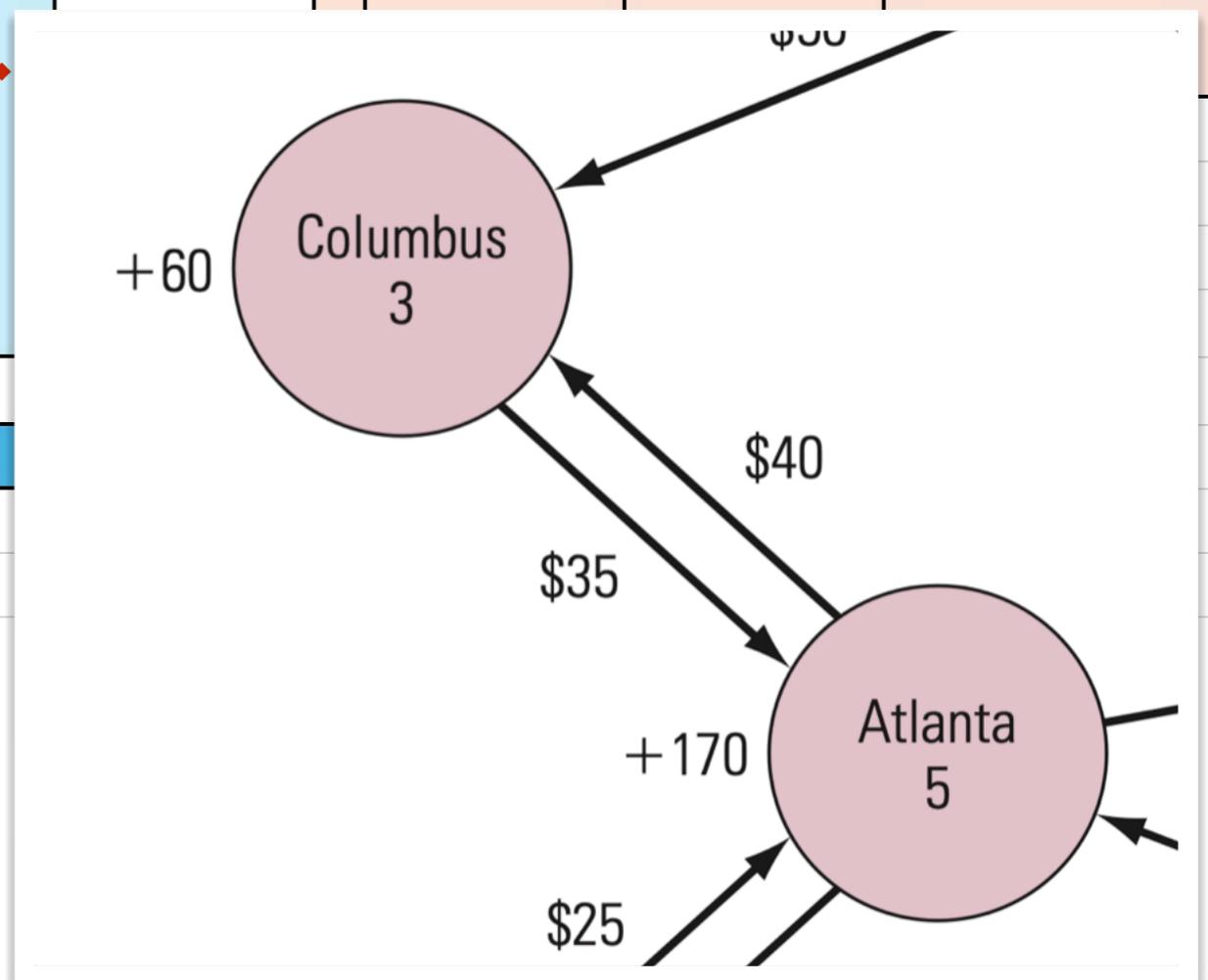
The car shipment problem

Ship	From	To	Unit cost
1	Newark	2 Boston	\$30.00
1	Newark	4 Richmond	\$40.00
2	Boston	3 Columbus	\$50.00
3	Columbus	5 Atlanta	\$35.00

Nodes	Net Flow	Supply/Demand



	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand	
4		1	Newark	2	Boston	\$30.00						
5		1	Newark	4	Richmond	\$40.00						
6		2	Boston	3	Columbus	\$50.00						
7		3	Columbus	5	Atlanta	\$35.00						
8												
9												
10												
11												
12												
13												
14												
15												
16						Total cost						
17												
18												



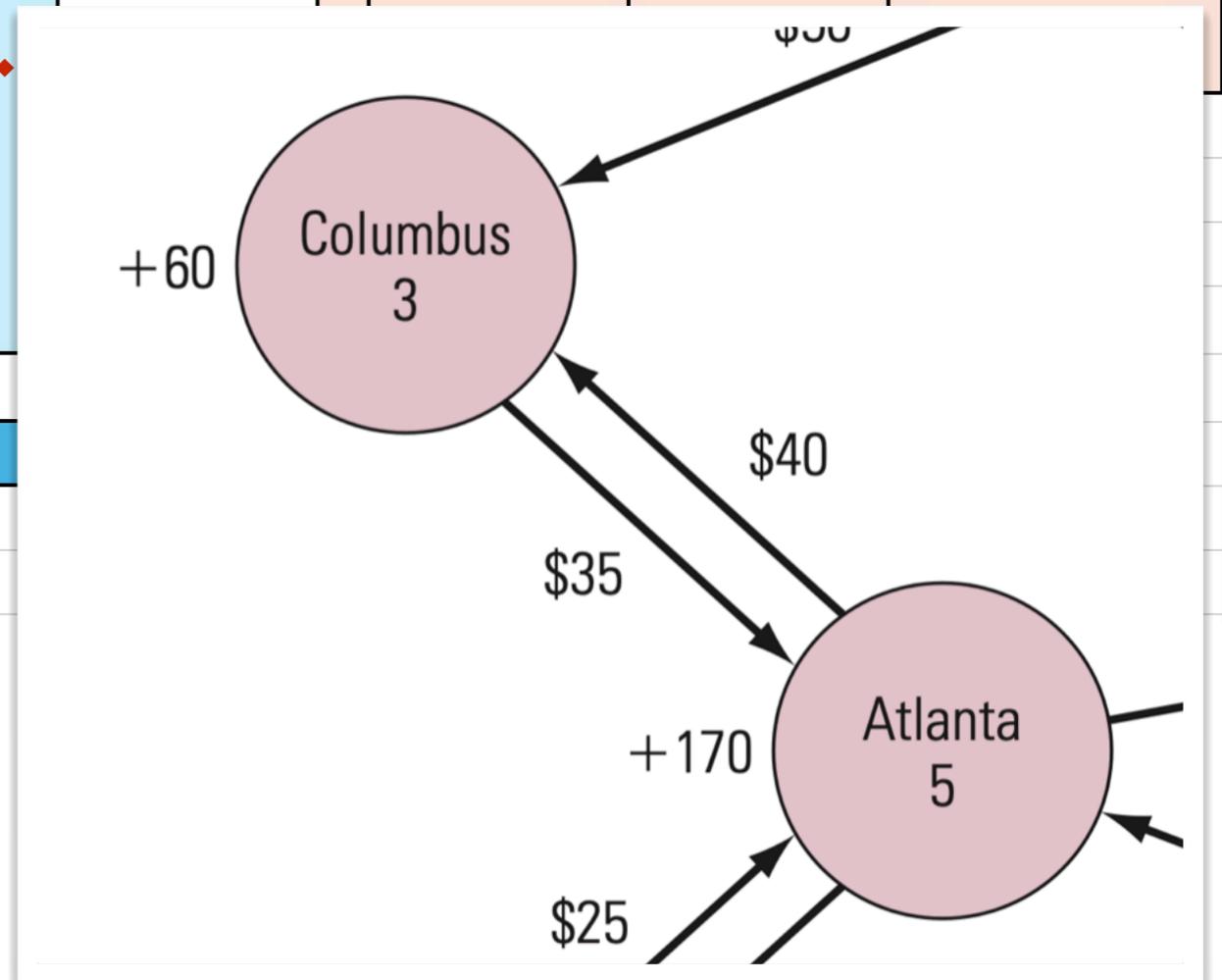
The car shipment problem

Ship	From	To	Unit cost
1	Newark	2 Boston	\$30.00
1	Newark	4 Richmond	\$40.00
2	Boston	3 Columbus	\$50.00
3	Columbus	5 Atlanta	\$35.00

Etc.. etc..

Total cost

Nodes	Net Flow	Supply/Demand

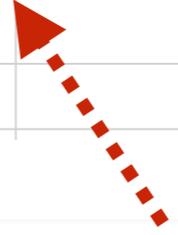


The car shipment problem

Ship	From	To	Unit cost
	1 Newark	2 Boston	\$30.00
	1 Newark	4 Richmond	\$40.00
	2 Boston	3 Columbus	\$50.00
	3 Columbus	5 Atlanta	\$35.00
	5 Atlanta	3 Columbus	\$40.00
	5 Atlanta	4 Richmond	\$30.00
	5 Atlanta	6 Mobile	\$35.00
	6 Mobile	5 Atlanta	\$25.00
	7 Jacksonville	4 Richmond	\$50.00
	7 Jacksonville	5 Atlanta	\$45.00
	7 Jacksonville	6 Mobile	\$50.00

Nodes	Net Flow	Supply/Demand

Total cost



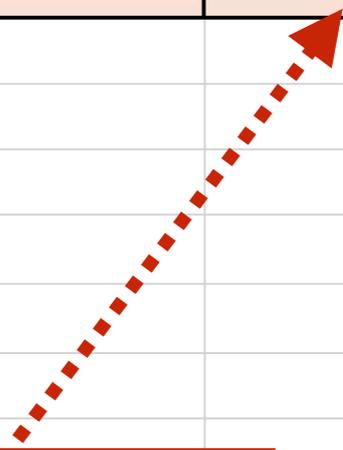
=SUMPRODUCT(B4:B14,G4:G14)

The car shipment problem

Ship	From	To	Unit cost
1	Newark	2 Boston	\$30.00
1	Newark	4 Richmond	\$40.00
2	Boston	3 Columbus	\$50.00
3	Columbus	5 Atlanta	\$35.00
5	Atlanta	3 Columbus	\$40.00
5	Atlanta	4 Richmond	\$30.00
5	Atlanta	6 Mobile	\$35.00
6	Mobile	5 Atlanta	\$25.00
7	Jacksonville	4 Richmond	\$50.00
7	Jacksonville	5 Atlanta	\$45.00
7	Jacksonville	6 Mobile	\$50.00

Nodes	Net Flow	Supply/Demand
1 Newark		-200
2 Boston		100
3 Columbus		60
4 Richmond		80
5 Atlanta		170
6 Mobile		70
7 Jacksonville		-300

Total cost



Report here, for each node, the supply/demand as provided by the problem.

The car shipment problem

Ship	From	To	Unit cost
1	Newark	2 Boston	\$30.00
1	Newark	4 Richmond	\$40.00
2	Boston	3 Columbus	\$50.00
3	Columbus	5 Atlanta	\$35.00
5	Atlanta	3 Columbus	\$40.00
5	Atlanta	4 Richmond	\$30.00
5	Atlanta	6 Mobile	\$35.00
6	Mobile	5 Atlanta	\$25.00
7	Jacksonville	4 Richmond	\$50.00
7	Jacksonville	5 Atlanta	\$45.00
7	Jacksonville	6 Mobile	\$50.00

Nodes	Net Flow	Supply/Demand
1 Newark		-200
2 Boston		100
3 Columbus		60
4 Richmond		80
5 Atlanta		170
6 Mobile		70
7 Jacksonville		-300

Total cost



To solve the problem, we also have to compute, for each choice of the decision variables, the net flow in each node!

How to compute net flows and how to relate them to the constraints?

**For Minimum Cost Network
Flow Problems Where:**

**Apply This Balance-of-Flow Rule
at Each Node:**

Total Supply $>$ Total Demand

Inflow $-$ Outflow \geq Supply or Demand

Total Supply $=$ Total Demand

Inflow $-$ Outflow $=$ Supply or Demand

Total Supply $<$ Total Demand

Inflow $-$ Outflow \leq Supply or Demand

How to compute net flows and how to relate them to the constraints?

**For Minimum Cost Network
Flow Problems Where:**

**Apply This Balance-of-Flow Rule
at Each Node:**

Total Supply $>$ Total Demand

Inflow $-$ Outflow \geq Supply or Demand

Total Supply $=$ Total Demand

Inflow $-$ Outflow $=$ Supply or Demand

Total Supply $<$ Total Demand

Inflow $-$ Outflow \leq Supply or Demand

This is the present case. Supply = 500 cars. Demand = 480 cars.

How to compute net flows and how to relate them to the constraints?

**For Minimum Cost Network
Flow Problems Where:**

**Apply This Balance-of-Flow Rule
at Each Node:**

Total Supply $>$ Total Demand

Inflow $-$ Outflow \geq Supply or Demand

Total Supply $=$ Total Demand

Inflow $-$ Outflow $=$ Supply or Demand

Total Supply $<$ Total Demand

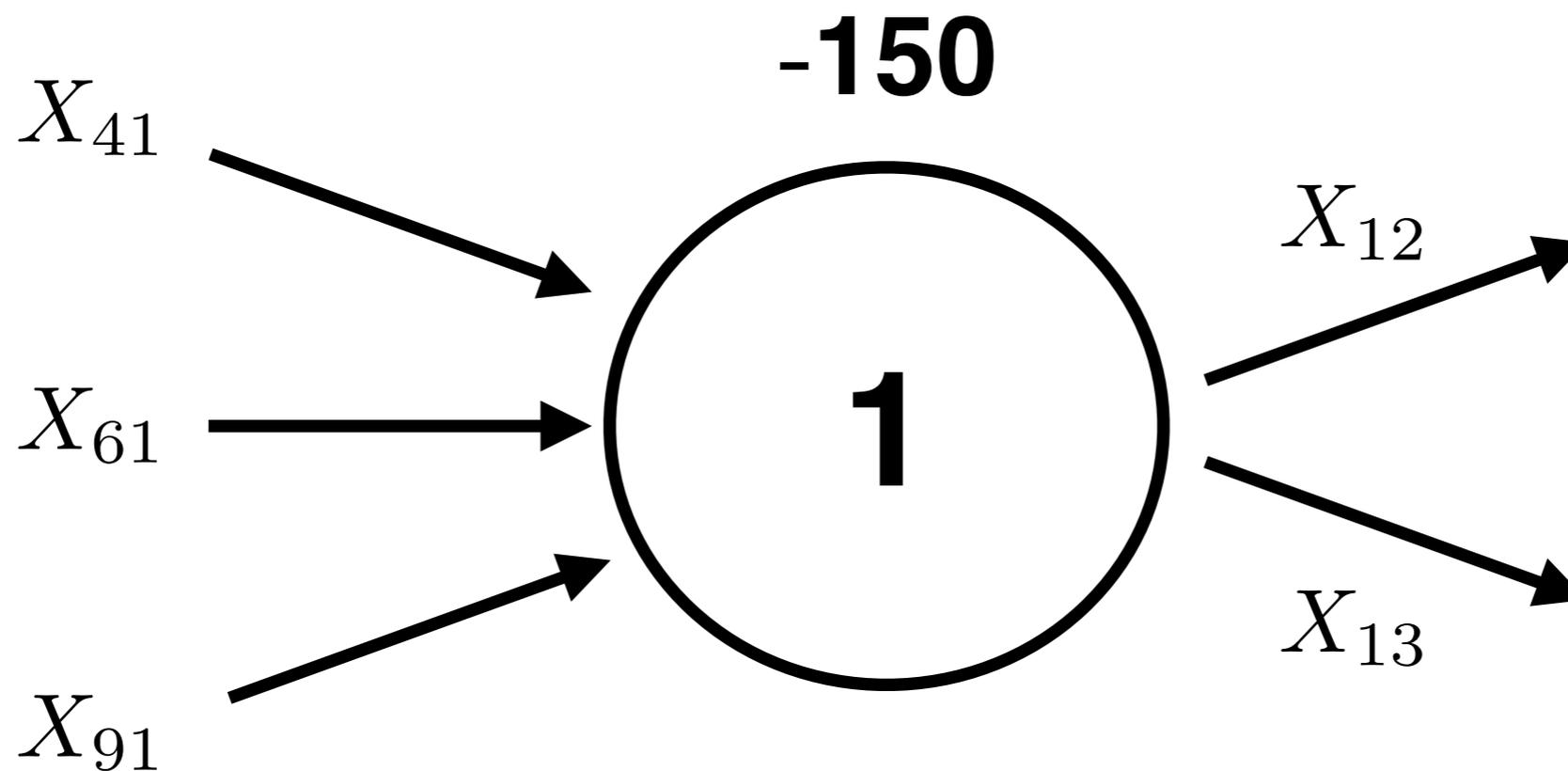
Inflow $-$ Outflow \leq Supply or Demand

In this case, you are not going to satisfy the demand, obviously!

You are going to determine the least costly way of distributing the available supply, knowing that it is impossible to satisfy all the demand.

How to compute net flows: an example.

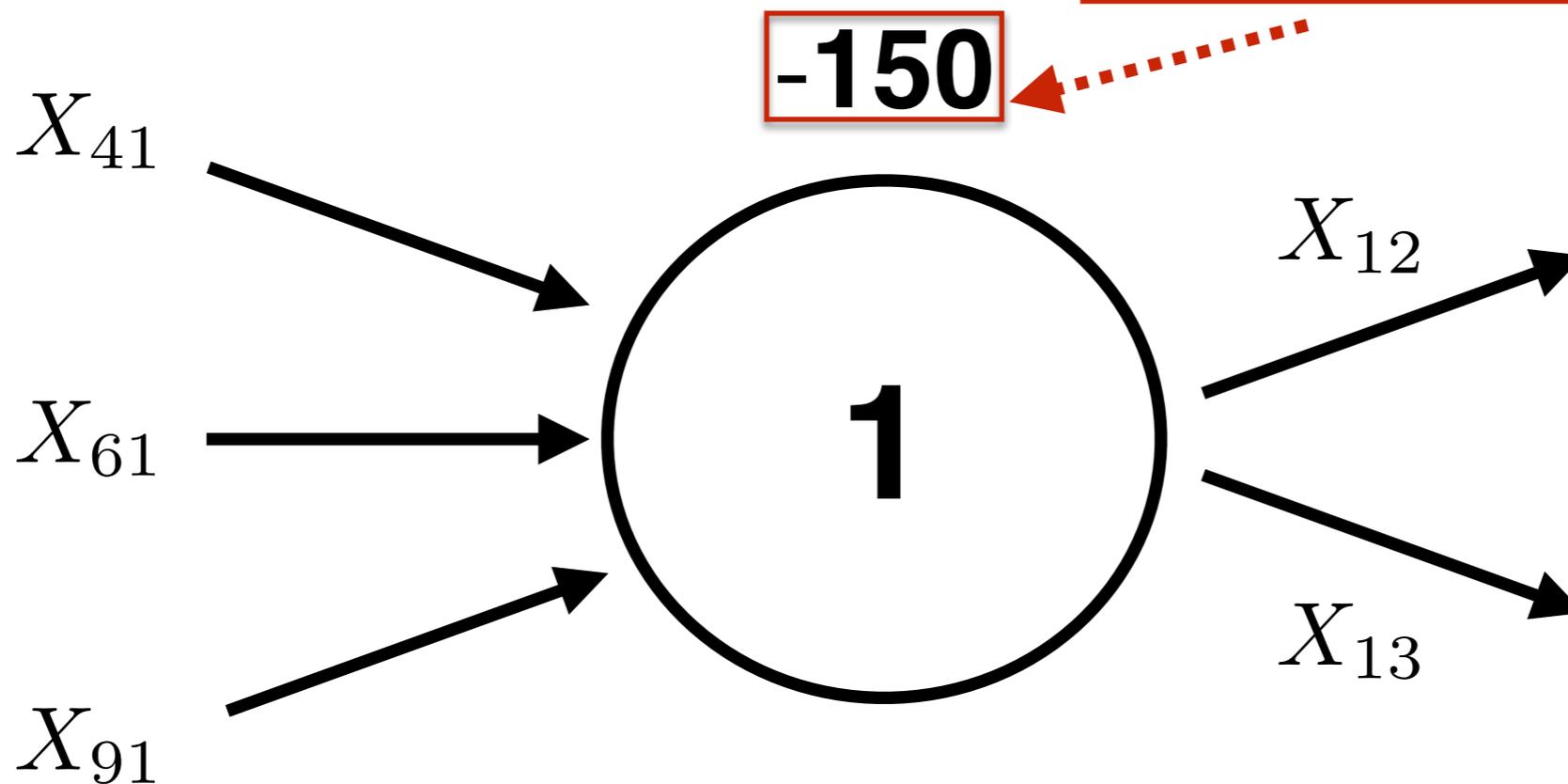
X_{ij} $\stackrel{\cdot}{=}$ the number of items shipped (or flowing) from node i to node j



How to compute net flows: an example.

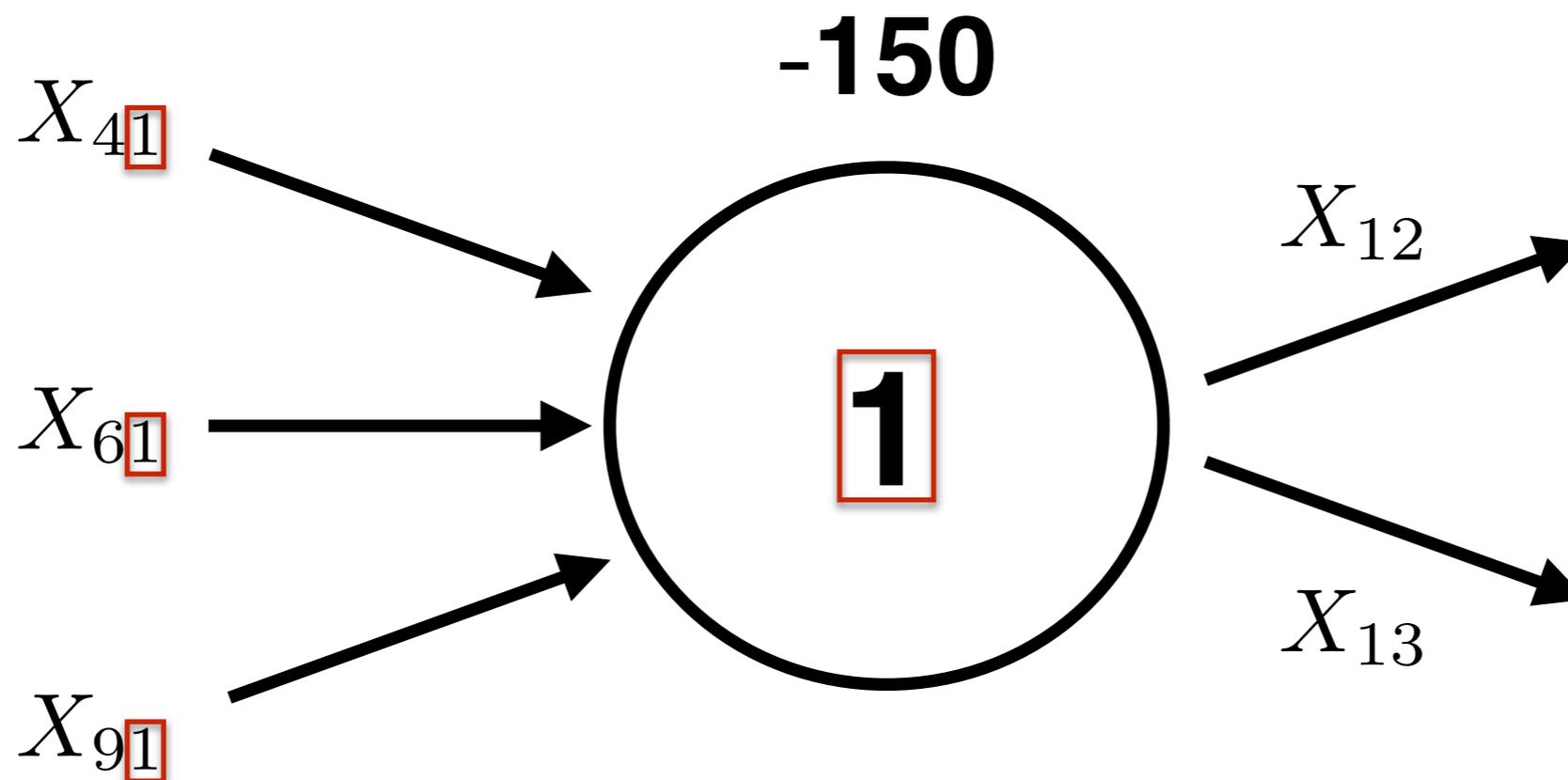
X_{ij} \doteq the number of items shipped (or flowing) from node i to node j

The node number 1 has, in this example, a supply of -150 units.



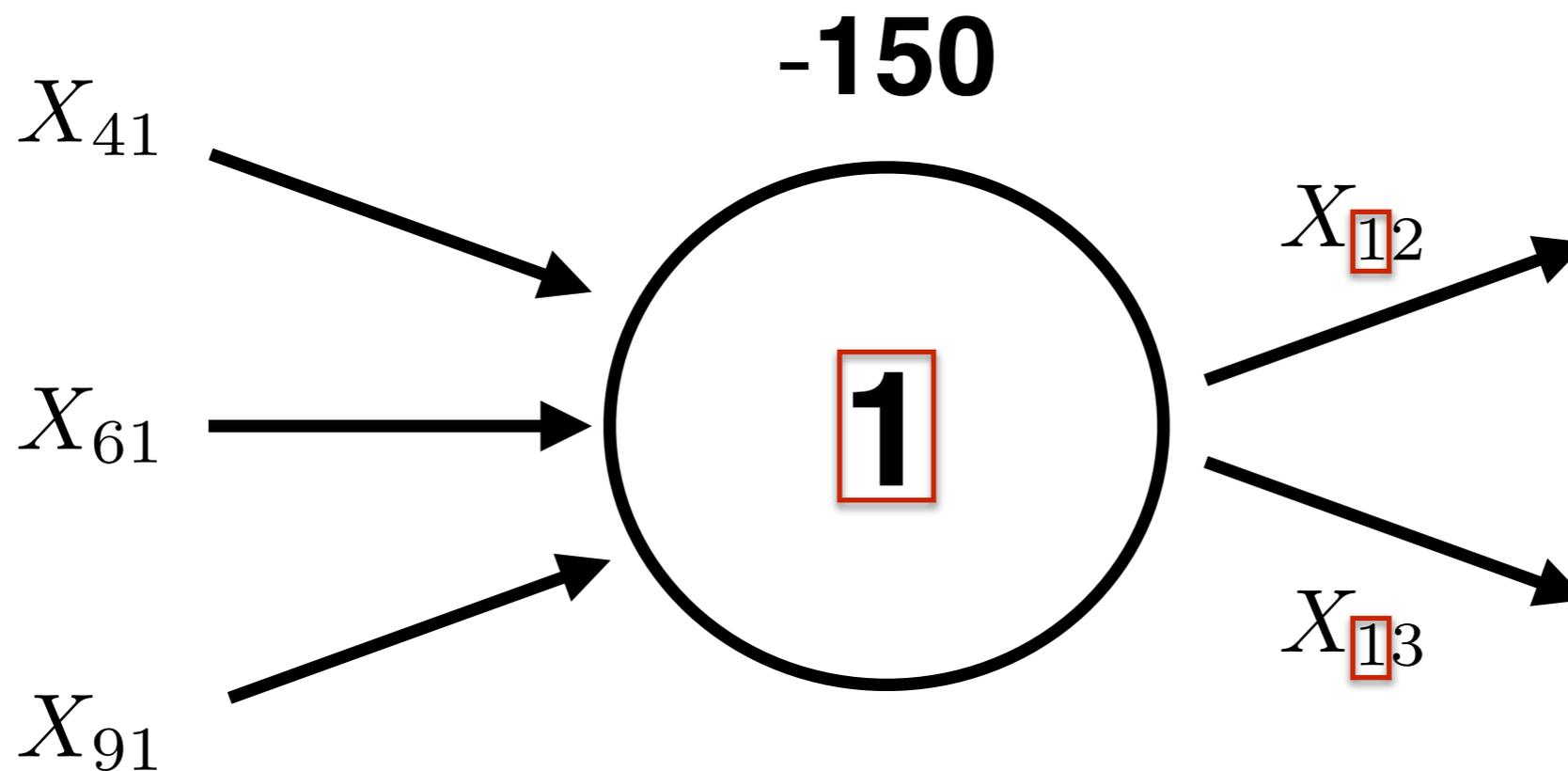
How to compute net flows: an example.

X_{ij} \doteq the number of items shipped (or flowing) from node i to node j



How to compute net flows: an example.

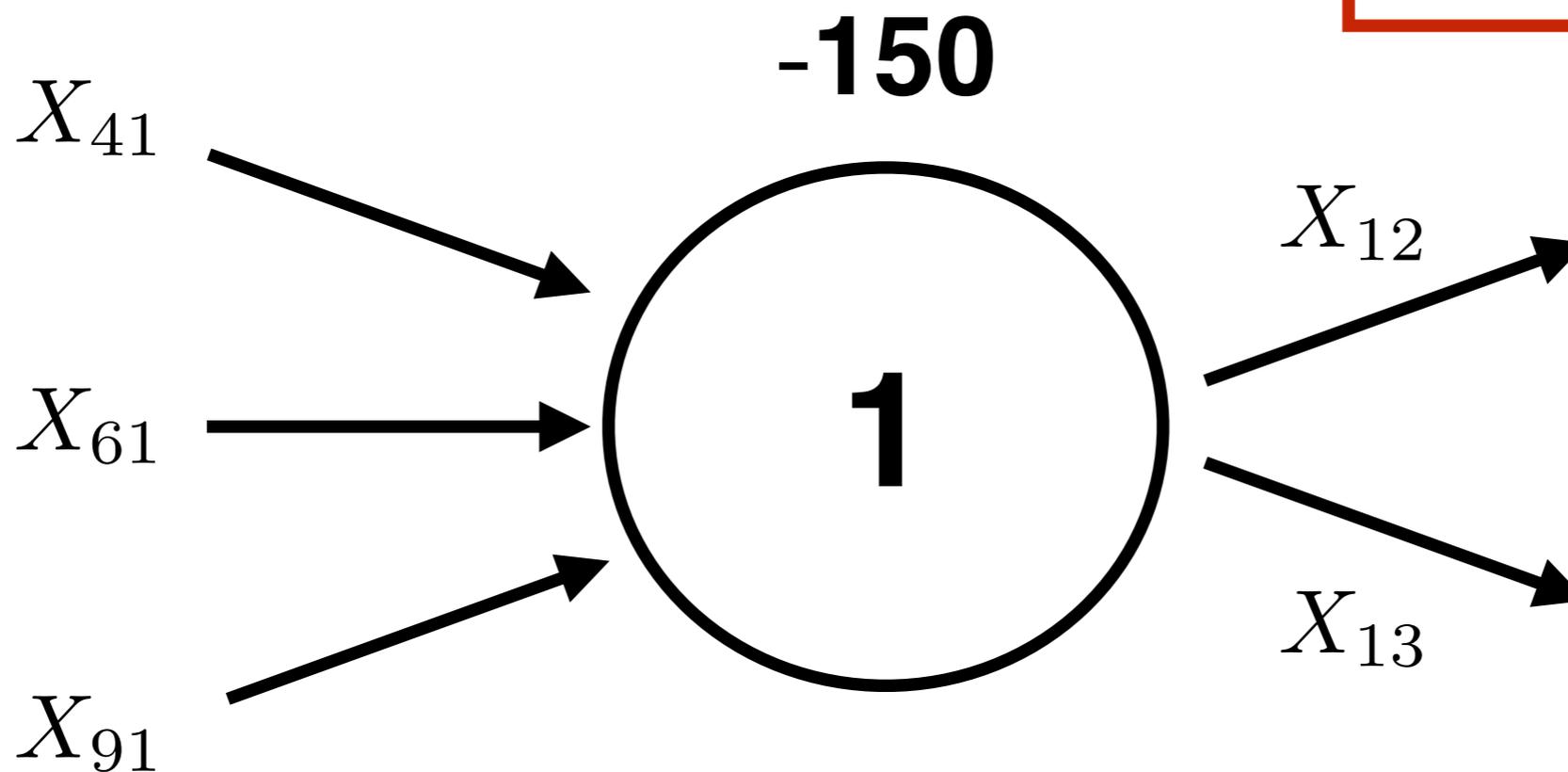
X_{ij} \doteq the number of items shipped (or flowing) from node i to node j



How to compute net flows: an example.

X_{ij} \doteq the number of items shipped (or flowing) from node i to node j

Depending on total demand vs. total supply.



$$X_{41} + X_{61} + X_{91} - X_{12} - X_{13} \stackrel{\leq}{\geq} -150$$

	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand	
4			1 Newark	2 Boston	\$30.00				1 Newark		-200	
5			1 Newark	4 Richmond	\$40.00				2 Boston		100	
6			2 Boston	3 Columbus	\$50.00				3 Columbus		60	
7			3 Columbus	5 Atlanta	\$35.00				4 Richmond		80	
8			5 Atlanta	3 Columbus	\$40.00				5 Atlanta		170	
9			5 Atlanta	4 Richmond	\$30.00				6 Mobile		70	
10			5 Atlanta	6 Mobile	\$35.00				7 Jacksonville		-300	
11			6 Mobile	5 Atlanta	\$25.00							
12			7 Jacksonville	4 Richmond	\$50.00							
13			7 Jacksonville	5 Atlanta	\$45.00							
14			7 Jacksonville	6 Mobile	\$50.00							
15												
16					Total cost							
17												
18												

Let's start with cell K4.
 We combine both relative and absolute cell reference.

The car shipment problem

Ship	From	To	Unit cost
1	Newark	2 Boston	\$30.00
1	Newark	4 Richmond	\$40.00
2	Boston	3 Columbus	\$50.00
3	Columbus	5 Atlanta	\$35.00
5	Atlanta	3 Columbus	\$40.00
5	Atlanta	4 Richmond	\$30.00
5	Atlanta	6 Mobile	\$35.00
6	Mobile	5 Atlanta	\$25.00
7	Jacksonville	4 Richmond	\$50.00
7	Jacksonville	5 Atlanta	\$45.00
7	Jacksonville	6 Mobile	\$50.00

Total cost

Nodes	Net Flow	Supply/Demand
1 Newark		-200
2 Boston		100
3 Columbus		60
4 Richmond		80
5 Atlanta		170
6 Mobile		70
7 Jacksonville		-300



=SUMIF(\$E\$4:\$E\$14,I4,\$B\$4:\$B\$14)-SUMIF(\$C\$4:\$C\$14,I4,\$B\$4:\$B\$14)

Run from the cell E4 to E14 (absolute reference).

	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand	
4		1	Newark	2	Boston	\$30.00			1	Newark		-200
5		1	Newark	4	Richmond	\$40.00			2	Boston		100
6		2	Boston	3	Columbus	\$50.00			3	Columbus		60
7		3	Columbus	5	Atlanta	\$35.00			4	Richmond		80
8		5	Atlanta	3	Columbus	\$40.00			5	Atlanta		170
9		5	Atlanta	4	Richmond	\$30.00			6	Mobile		70
10		5	Atlanta	6	Mobile	\$35.00			7	Jacksonville		-300
11		6	Mobile	5	Atlanta	\$25.00						
12		7	Jacksonville	4	Richmond	\$50.00						
13		7	Jacksonville	5	Atlanta	\$45.00						
14		7	Jacksonville	6	Mobile	\$50.00						
15												
16					Total cost							
17												
18												

=SUMIF(\$E\$4:\$E\$14,I4,\$B\$4:\$B\$14)-SUMIF(\$C\$4:\$C\$14,I4,\$B\$4:\$B\$14)

If a match with the cell I4 (relative reference) is found ...

	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand	
4			1 Newark	2 Boston	\$30.00				1 Newark		-200	
5			1 Newark	4 Richmond	\$40.00				2 Boston		100	
6			2 Boston	3 Columbus	\$50.00				3 Columbus		60	
7			3 Columbus	5 Atlanta	\$35.00				4 Richmond		80	
8			5 Atlanta	3 Columbus	\$40.00				5 Atlanta		170	
9			5 Atlanta	4 Richmond	\$30.00				6 Mobile		70	
10			5 Atlanta	6 Mobile	\$35.00				7 Jacksonville		-300	
11			6 Mobile	5 Atlanta	\$25.00							
12			7 Jacksonville	4 Richmond	\$50.00							
13			7 Jacksonville	5 Atlanta	\$45.00							
14			7 Jacksonville	6 Mobile	\$50.00							
15												
16					Total cost							
17												
18												

=SUMIF(\$E\$4:\$E\$14,I4,\$B\$4:\$B\$14)-SUMIF(\$C\$4:\$C\$14,I4,\$B\$4:\$B\$14)

... sum up all the corresponding cells from B4 to B14 (absolute reference).

	A	B	C	D	E	F	G	H	I	J	K	L	
1	The car shipment problem												
2													
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand		
4			1 Newark	2 Boston	\$30.00			1 Newark			-200		
5	1 Newark		4 Richmond	\$40.00			2 Boston			100			
6	2 Boston		3 Columbus	\$50.00			3 Columbus			60			
7	3 Columbus		5 Atlanta	\$35.00			4 Richmond			80			
8	5 Atlanta		3 Columbus	\$40.00			5 Atlanta			170			
9	5 Atlanta		4 Richmond	\$30.00			6 Mobile			70			
10	5 Atlanta		6 Mobile	\$35.00			7 Jacksonville			-300			
11	6 Mobile		5 Atlanta	\$25.00									
12	7 Jacksonville		4 Richmond	\$50.00									
13	7 Jacksonville		5 Atlanta	\$45.00									
14	7 Jacksonville		6 Mobile	\$50.00									
15													
16						Total cost							
17													
18													

=SUMIF(\$E\$4:\$E\$14,I4,\$B\$4:\$B\$14)-SUMIF(\$C\$4:\$C\$14,I4,\$B\$4:\$B\$14)

	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand	
4			1 Newark	2 Boston	\$30.00				1 Newark		-200	
5			1 Newark	4 Richmond	\$40.00				2 Boston		100	
6			2 Boston	3 Columbus	\$50.00				3 Columbus		60	
7			3 Columbus	5 Atlanta	\$35.00				4 Richmond		80	
8			5 Atlanta	3 Columbus	\$40.00				5 Atlanta		170	
9			5 Atlanta	4 Richmond	\$30.00				6 Mobile		70	
10			5 Atlanta	6 Mobile	\$35.00				7 Jacksonville		-300	
11			6 Mobile	5 Atlanta	\$25.00							
12			7 Jacksonville	4 Richmond	\$50.00							
13			7 Jacksonville	5 Atlanta	\$45.00							
14			7 Jacksonville	6 Mobile	\$50.00							
15												
16					Total cost							
17												
18												

=SUMIF(\$E\$4:\$E\$14,I4,\$B\$4:\$B\$14)-SUMIF(\$C\$4:\$C\$14,I4,\$B\$4:\$B\$14)

This is just the sum of the INFLOWS.

	A	B	C	D	E	F	G	H	I	J	K	L
1	The car shipment problem											
2												
3		Ship	From	To	Unit cost				Nodes	Net Flow	Supply/Demand	
4			1 Newark	2 Boston	\$30.00				1 Newark		-200	
5			1 Newark	4 Richmond	\$40.00				2 Boston		100	
6			2 Boston	3 Columbus	\$50.00				3 Columbus		60	
7			3 Columbus	5 Atlanta	\$35.00				4 Richmond		80	
8			5 Atlanta	3 Columbus	\$40.00				5 Atlanta		170	
9			5 Atlanta	4 Richmond	\$30.00				6 Mobile		70	
10			5 Atlanta	6 Mobile	\$35.00				7 Jacksonville		-300	
11			6 Mobile	5 Atlanta	\$25.00							
12			7 Jacksonville	4 Richmond	\$50.00							
13			7 Jacksonville	5 Atlanta	\$45.00							
14			7 Jacksonville	6 Mobile	\$50.00							
15												
16					Total cost							
17												
18												

=SUMIF(\$E\$4:\$E\$14,I4,\$B\$4:\$B\$14)-SUMIF(\$C\$4:\$C\$14,I4,\$B\$4:\$B\$14)

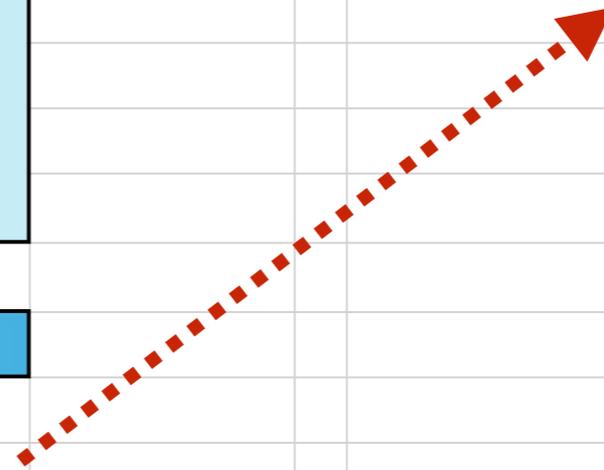
For the same reason, this is the sum of the outflows.

The car shipment problem

Ship	From	To	Unit cost
	1 Newark	2 Boston	\$30.00
	1 Newark	4 Richmond	\$40.00
	2 Boston	3 Columbus	\$50.00
	3 Columbus	5 Atlanta	\$35.00
	5 Atlanta	3 Columbus	\$40.00
	5 Atlanta	4 Richmond	\$30.00
	5 Atlanta	6 Mobile	\$35.00
	6 Mobile	5 Atlanta	\$25.00
	7 Jacksonville	4 Richmond	\$50.00
	7 Jacksonville	5 Atlanta	\$45.00
	7 Jacksonville	6 Mobile	\$50.00

Total cost

Nodes	Net Flow	Supply/Demand
1 Newark		-200
2 Boston		100
3 Columbus		60
4 Richmond		80
5 Atlanta		170
6 Mobile		70
7 Jacksonville		-300



Hand-fill! Thanks to relative and absolute reference we can safely use the hand-fill feature (and save time!)

	A	B	C	D	E	F	G
1	The car shipment problem						
2							
3		Ship	From	To	Unit cost		
4			1 Newark	2 Boston	\$30.00		
5			1 Newark	4 Richmond	\$40.00		
6			2 Boston	3 Columbus	\$50.00		
7			3 Columbus	5 Atlanta	\$35.00		
8			5 Atlanta	3 Columbus	\$40.00		
9			5 Atlanta	4 Richmond	\$30.00		
10			5 Atlanta	6 Mobile	\$35.00		
11			6 Mobile	5 Atlanta	\$25.00		
12			7 Jacksonville	4 Richmond	\$50.00		
13			7 Jacksonville	5 Atlanta	\$45.00		
14			7 Jacksonville	6 Mobile	\$50.00		
15							
16						Total cost	
17							
18							

Solver Parameters

Set Objective: \$G\$16

To: Max Min Value Of:

By Changing Variable Cells:

Subject to the Constraints:

- \$B\$4:\$B\$14 >= 0
- \$K\$4:\$K\$10 >= \$L\$4:\$L\$10

Add

Change

Delete

Reset All

Load/Save

Make Unconstrained Variables Non-Negative

Select a Solving Method: Simplex LP Options

Solving Method

Select the GRG Nonlinear engine for Solver Problems that are smooth nonlinear. Select the LP Simplex engine for linear Solver Problems, and select the Evolutionary engine for Solver problems that are non-smooth.

Close

Solve

	A	B	C	D	E	F	G
1	The car shipment problem						
2							
3		Ship	From	To	Unit cost		
4			1 Newark	2 Boston	\$30.00		
5			1 Newark	4 Richmond	\$40.00		
6			2 Boston	3 Columbus	\$50.00		
7			3 Columbus	5 Atlanta	\$35.00		
8			5 Atlanta	3 Columbus	\$40.00		
9			5 Atlanta	4 Richmond	\$30.00		
10			5 Atlanta	6 Mobile	\$35.00		
11			6 Mobile	5 Atlanta	\$25.00		
12			7 Jacksonville	4 Richmond	\$50.00		
13			7 Jacksonville	5 Atlanta	\$45.00		
14			7 Jacksonville	6 Mobile	\$50.00		
15							
16				Total cost			
17							
18							

Solver Parameters

Set Objective:

To: Max Min Value Of:

By Changing Variable Cells:

Subject to the Constraints:

\$B\$4:\$B\$14 >= 0

\$K\$4:\$K\$10 >= \$L\$4:\$L\$10

Make Unconstrained Variables Non-Negative

Select a Solving Method:

Solving Method

Select the GRG Nonlinear engine for Solver Problems that are smooth nonlinear. Select the LP Simplex engine for linear Solver Problems, and select the Evolutionary engine for Solver problems that are non-smooth.

	A	B	C	D	E	F	G
1	The car shipment problem						
2							
3		Ship	From	To	Unit cost		
4			1 Newark	2 Boston	\$30.00		
5			1 Newark	4 Richmond	\$40.00		
6			2 Boston	3 Columbus	\$50.00		
7			3 Columbus	5 Atlanta	\$35.00		
8			5 Atlanta	3 Columbus	\$40.00		
9			5 Atlanta	4 Richmond	\$30.00		
10			5 Atlanta	6 Mobile	\$35.00		
11			6 Mobile	5 Atlanta	\$25.00		
12			7 Jacksonville	4 Richmond	\$50.00		
13			7 Jacksonville	5 Atlanta	\$45.00		
14			7 Jacksonville	6 Mobile	\$50.00		
15							
16				Total cost			
17							
18							

Solver Parameters

Set Objective:

To: Max Min Value Of:

By Changing Variable Cells:

Subject to the Constraints:

-
-

Make Unconstrained Variables Non-Negative

Select a Solving Method:

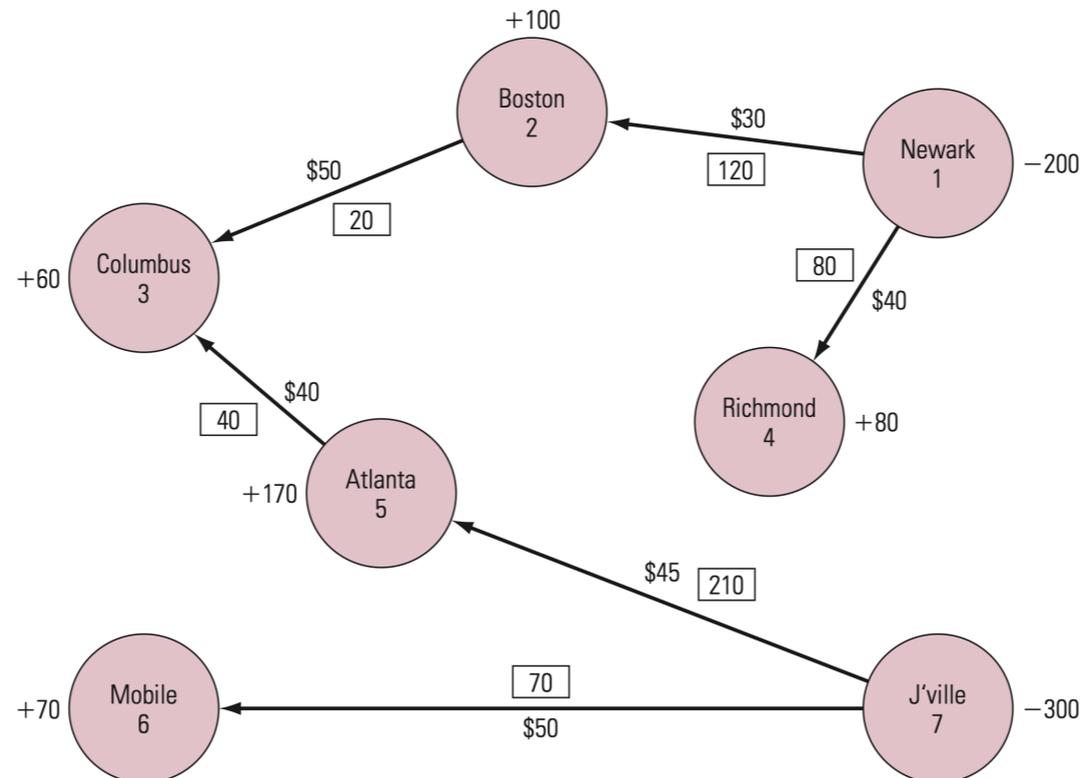
Solving Method
 Select the GRG Nonlinear engine for Solver Problems that are smooth nonlinear. Select the LP Simplex engine for linear Solver Problems, and select the Evolutionary engine for Solver problems that are non-smooth.

Buttons: Add, Change, Delete, Reset All, Load/Save, Options, Close, Solve

The optimal solution.

The car shipment problem

Ship	From	To	Unit cost	Nodes	Net Flow	Supply/Demand
120	1 Newark	2 Boston	\$30.00	1 Newark	-200	-200
80	1 Newark	4 Richmond	\$40.00	2 Boston	100	100
20	2 Boston	3 Columbus	\$50.00	3 Columbus	60	60
0	3 Columbus	5 Atlanta	\$35.00	4 Richmond	80	80
40	5 Atlanta	3 Columbus	\$40.00	5 Atlanta	170	170
0	5 Atlanta	4 Richmond	\$30.00	6 Mobile	70	70
0	5 Atlanta	6 Mobile	\$35.00	7 Jacksonville	-280	-300
0	6 Mobile					
0	7 Jacksonville					
210	7 Jacksonville					
70	7 Jacksonville					

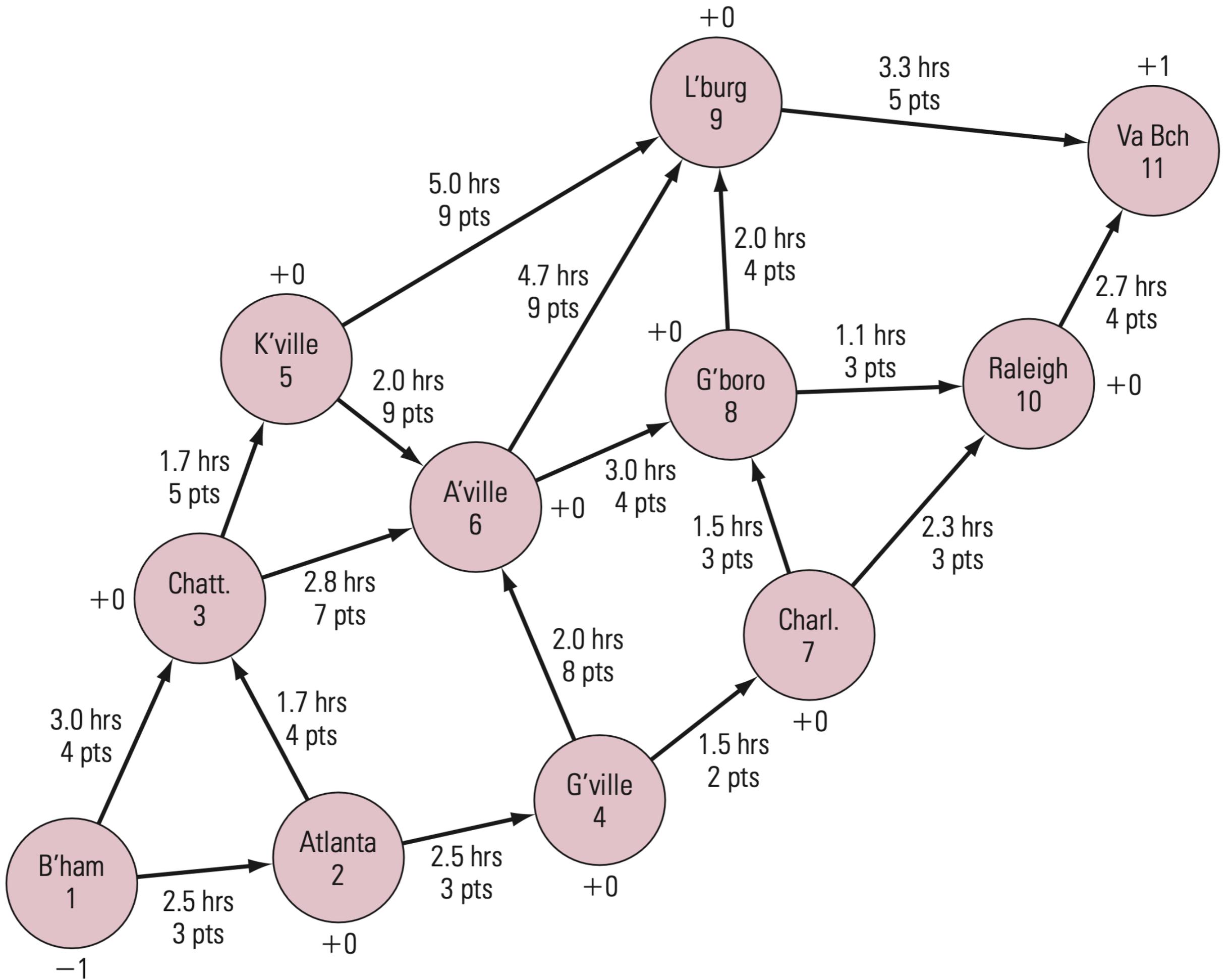


The Satellite Navigation Problem

A navigation company offers drivers two kinds of services. To get from one point to another on the map drivers are allowed to choose between:

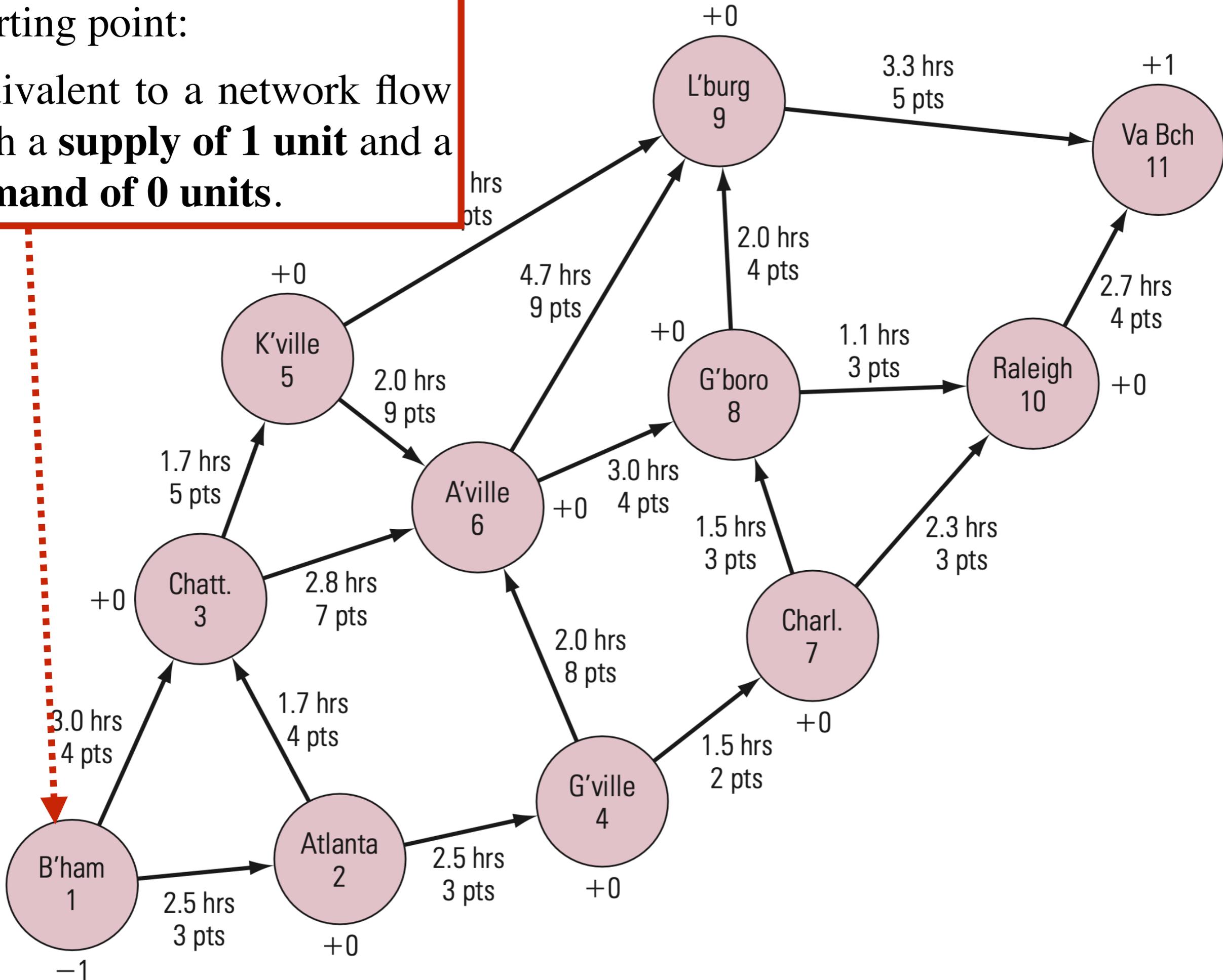
- 1) the route with minimal travel time;
- 2) the most scenic route.



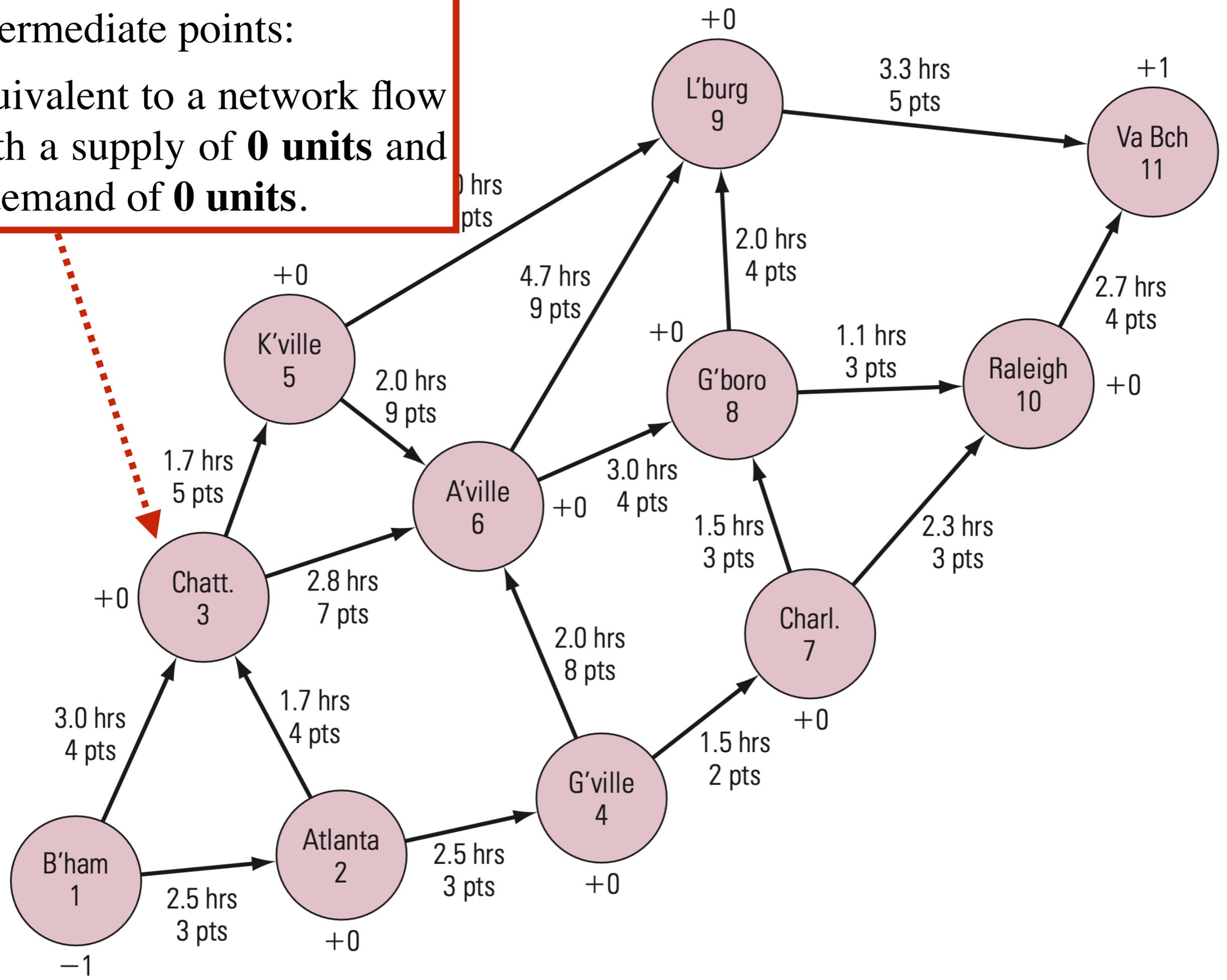


Starting point:

equivalent to a network flow with a **supply of 1 unit** and a **demand of 0 units**.

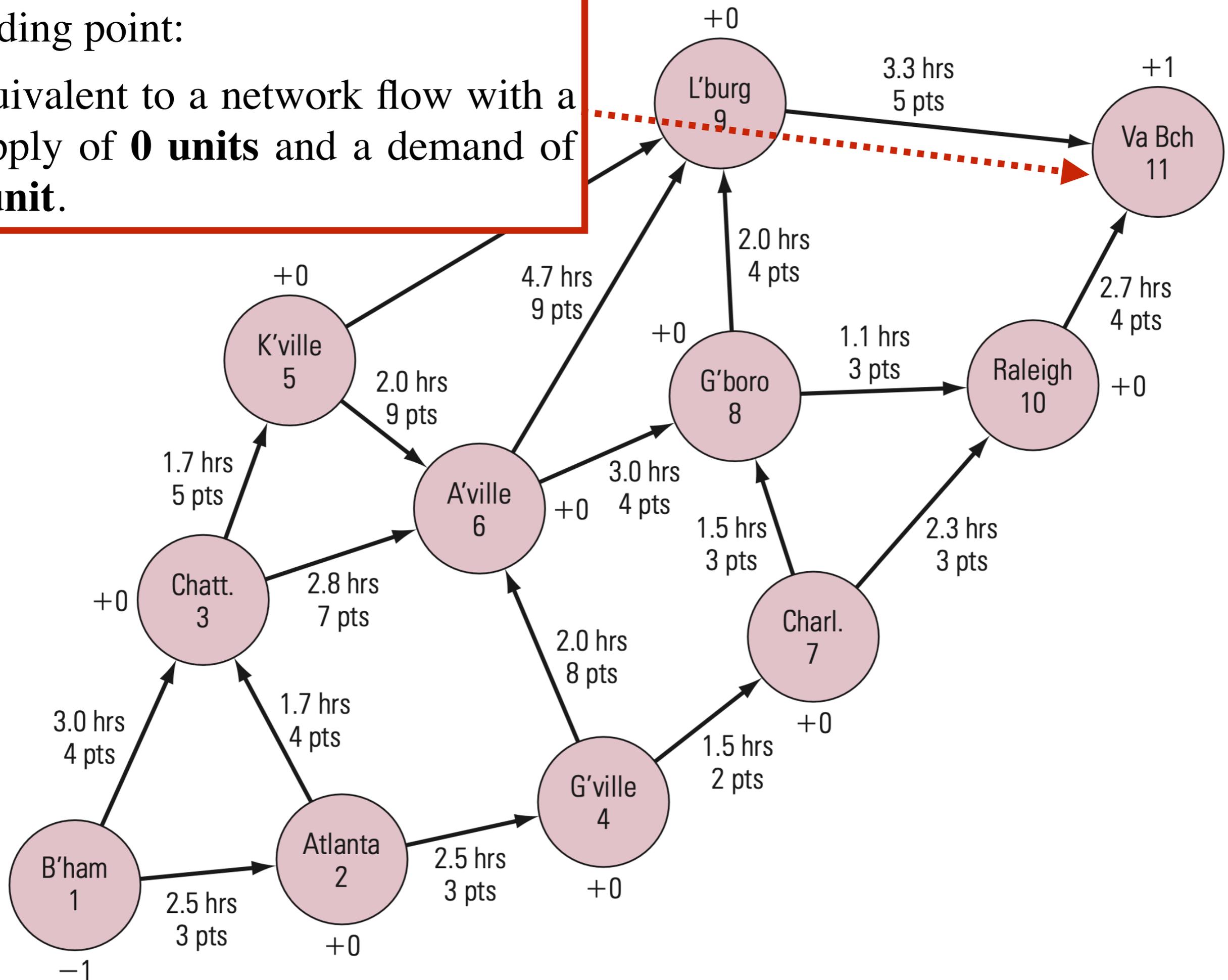


Intermediate points:
 equivalent to a network flow
 with a supply of **0 units** and
 a demand of **0 units**.

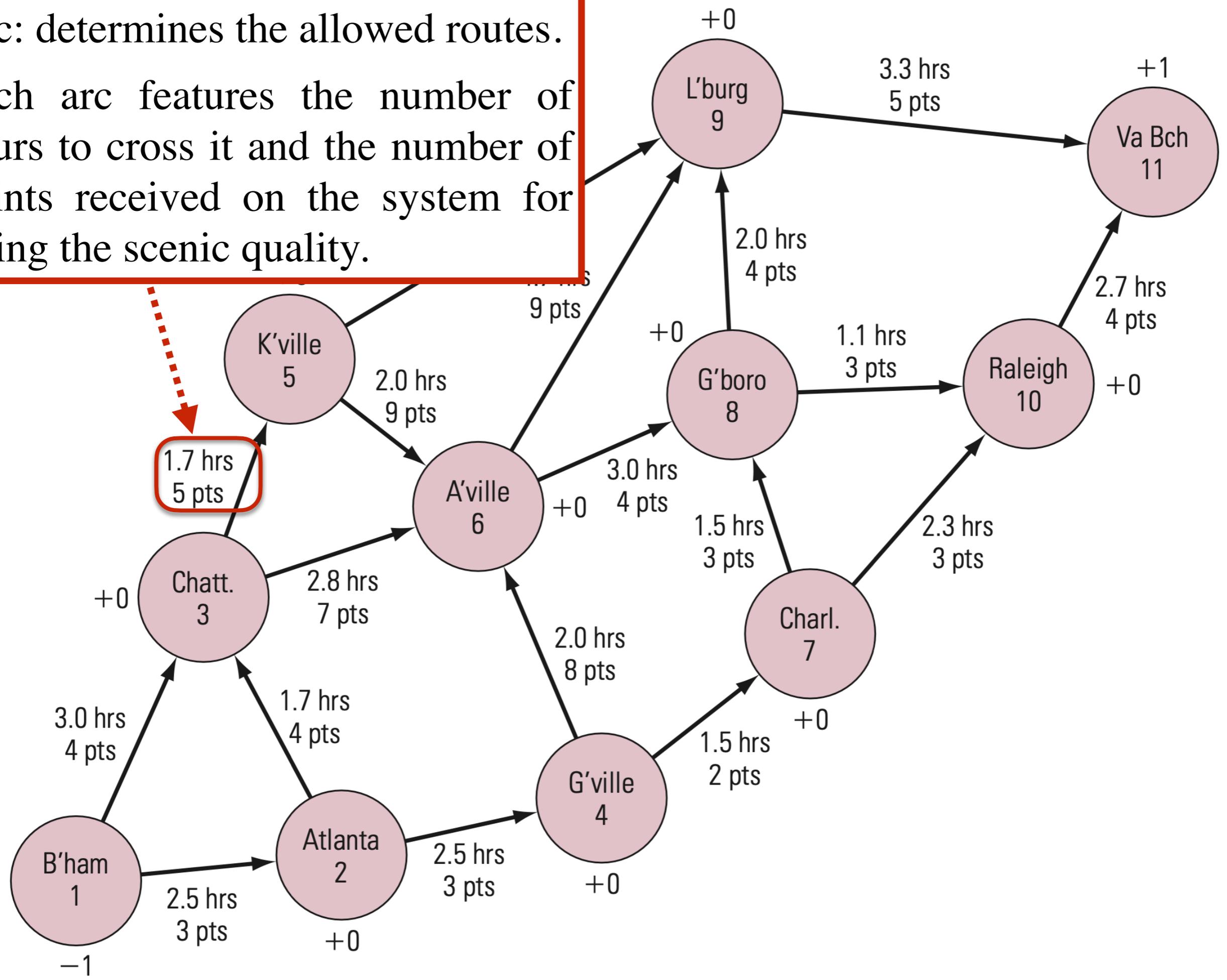


Ending point:

equivalent to a network flow with a supply of **0 units** and a demand of **1 unit**.

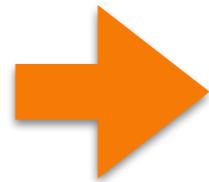
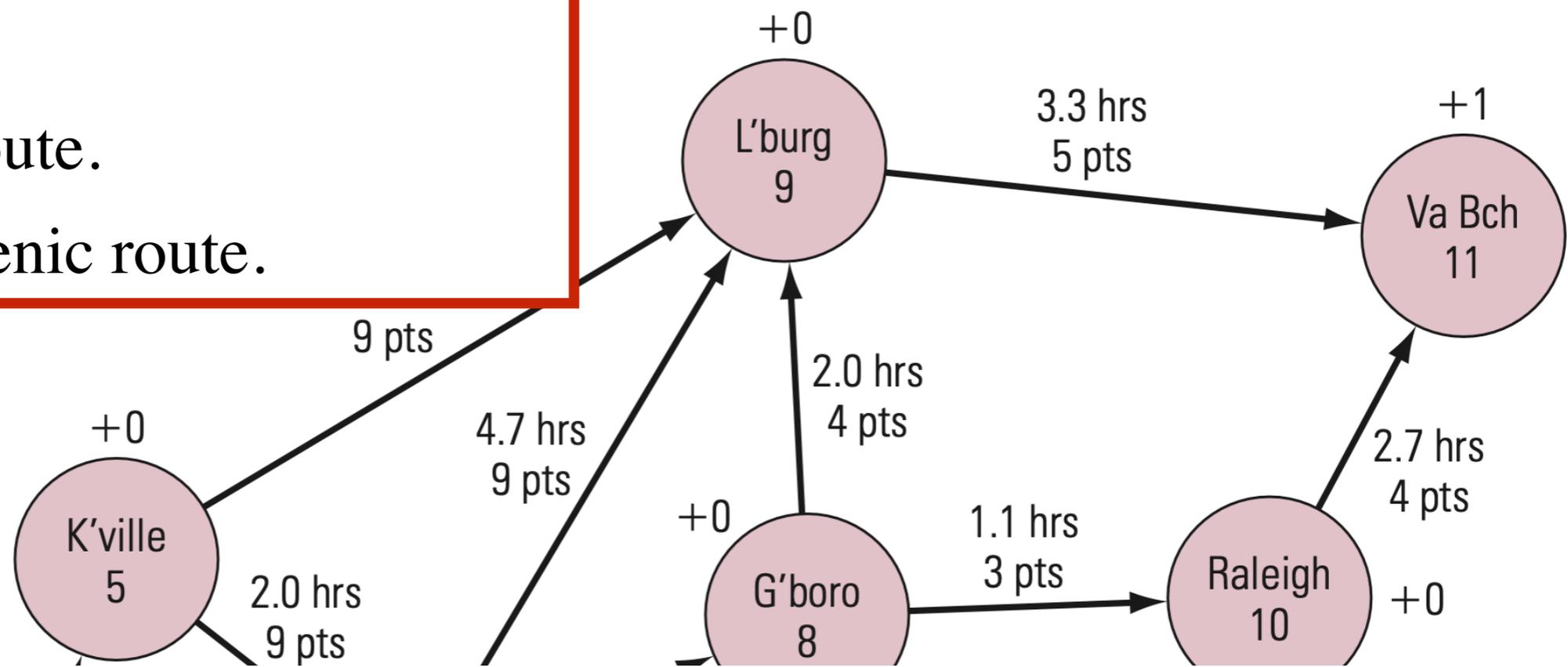


Arc: determines the allowed routes.
 Each arc features the number of hours to cross it and the number of points received on the system for rating the scenic quality.



Determine:

- 1) the fastest route.
- 2) The most scenic route.



The satellite navigation problem

