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Référence bibliographique
On the Wagner-Whitin Lot-Sizing Polyhedron*

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March 24, 2000

Abstract

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Keywords: Polyhedra, Adjacency, Maximal Faces, Dual Algorithm, Lot-Sizing, Wagner-Whitin costs.

\textsuperscript{*}Research carried out as part of the project TMR-DONET nr. ERB FMRX-CT98-0202 of the European Union.

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1 Introduction

The uncapacitated lot-sizing problem has been the subject of much research since the original paper of Wagner and Whitin [9]. Given \( n \) periods, demands \( d_1, \ldots, d_n \) to be satisfied in each period, unit production, unit storage and set-up costs \( p'_t, h'_t, f_t \) respectively for \( t = 1, \ldots, n \), the problem is to find a production schedule satisfying all the demands at minimum cost. Using variables \( x_t, s_t \) and \( y_t \in \{0, 1\} \) to represent production, end-stock and set-up variables respectively, the problem can be formulated as the following mixed integer program:

\[
\begin{align*}
\min & \sum_{t=1}^{n} p'_t x_t + \sum_{t=0}^{n-1} h'_t s_t + \sum_{t=1}^{n} f_t y_t \\
\text{s.t.} & \quad s_{t-1} + x_t = d_t + s_t \quad \text{for} \quad t = 1, \ldots, n \\
& \quad x_t \leq M y_t \quad \text{for} \quad t = 1, \ldots, n \\
& \quad s_{t-1}, x_t \geq 0, y_t \in \{0, 1\} \quad \text{for} \quad t = 1, \ldots, n
\end{align*}
\]

where \( M \) is a large positive value. Note that we allow for a variable initial stock \( s_0 \), but there is no cost attached to the final stock \( s_n \). Using the flow conservation equations (2), the objective function (1) can be rewritten as

\[
\begin{align*}
\min & \sum_{t=0}^{n-1} h_t s_t + \sum_{t=1}^{n} f_t y_t + K
\end{align*}
\]

where \( h_0 = h'_0 \), \( h_t = h'_t + p'_t - p'_{t+1} \) for \( t = 1, \ldots, n-1 \) and \( K = \sum_{t=1}^{n} p'_t d_t \).

When \( h_t \geq 0 \) for all \( t \), the problem is said to have Wagner-Whitin (WW) costs. With WW costs, once the periods in which there is a set-up are known, it is optimal to produce as late as possible. This special case, that arises very often in practice, has been studied in a variety of papers. In [9] an \( O(n^2) \) dynamic programming algorithm was presented for the general problem (1)–(4), and certain properties of optimal solutions were presented for WW costs. Almost thirty years later Wagelmans et al. [8], see also [1, 4], showed that the running time of the dynamic programming algorithm could be reduced to \( O(n \log n) \) in the general case, and to \( O(n) \) with WW costs. Barany et al. [3] presented a description of the convex hull of solutions in the general case, and Pochet and Wolsey [5] showed how an alternative formulation leads to a simpler polyhedral description of the convex hull in the presence of WW costs. Aghezzaf and Wolsey [2] showed that the number of set-ups in two neighboring vertices of the latter polyhedron differs by at most one.

Specifically Pochet and Wolsey considered the formulation

\[
\min \{ \sum_{t=0}^{n-1} h_t s_t + \sum_{t=1}^{n} f_t y_t : (s, y) \in P_n, y \in \mathbb{Z}_+^n \}
\]

where

\[
P_n = \{ (s, y) \in \mathbb{R}^n \times [0, 1]^n : s_{k-1} \geq \sum_{j=k}^{t} d_j (1-y_k-\ldots-y_j) \text{ for all } k, t \text{ with } 1 \leq k \leq t \leq n \}
\]
\[ \{(s, y) \in \mathbb{R}^n \times [0, 1]^n : s_{k-1} \geq d_{kt} - \sum_{j=k}^{t} d_{jt}y_j \text{ for all } k, t \text{ with } 1 \leq k \leq t \leq n\}, \]

where \(d_{kt}\) is used to denote \(\sum_{j=k}^{t} d_{j}\) for all \(1 \leq k \leq t \leq n\). They showed that \(P_n\), the Wagner-Whitin polyhedron, is an integral polyhedron. This formulation clearly shows that the stock \(s_{k-1}\) at the end of period \(k - 1\) contains the demand \(d_j\) for period \(j\) only if there is no set up in the interval from \(k\) to \(j\).

The goal of this paper is to obtain a better understanding of the family of polyhedra \(P_n\). No knowledge of the lot-sizing literature is assumed. In Section 2 we study the facial structure of \(P_n\), in particular the bounded faces where \(s\) is minimum, i.e. where

\[ s_{k-1} = \max_{t=k, \ldots, n} \left[ d_{kt} - \sum_{j=k}^{t} d_{jt}y_j \right] \text{ for } k = 1, \ldots, n. \]

Specifically we characterize the bounded faces of maximum dimension and show that their extreme points are integral, and thus provide an alternative proof of the integrality of \(P_n\). We then use this characterization to show an \(O(t^2)\) procedure to represent an arbitrary point of \(P_n\) as a convex combination of extreme points and extreme rays of \(P_n\).

In Section 3 we consider adjacency of the vertices of \(P_n\). We give a simple characterization from which it follows that adjacency can be tested in linear time. In Section 4 we reinterpret earlier work of van Hoesel et al. [7] on a dual greedy algorithm as an \(O(n^2)\) algorithm to find all optimal solutions to the uncapacitated lot-sizing problem, or to find the face of optimal solutions when optimizing over \(P_n\).

2 The Bounded Faces of \(P_n\)

Given a point \(y \in [0, 1]^n\), we use the notation \(\sigma_{k-1, t}(y) = d_{kt} - \sum_{j=k}^{t} d_{jt}y_j\), and \(\sigma_{k-1}(y) = \max_{t=k, \ldots, n} \sigma_{k-1, t}(y)\). So a point \((s, y) = (s_0, \ldots, s_{n-1}, y_1, \ldots, y_n) \in P_n\) if and only if \(y \in [0, 1]^n\) and \(s_{k-1} \geq \sigma_{k-1}(y)\) for all \(k\). We assume throughout that \(d_t > 0\) for \(t = 1, \ldots, n\).

**Observation 1** \(\dim(P_n) = 2n\).

The bounded faces of \(P_n\) are obtained by setting one (or more) of each of the inequalities \(s_{k-1} \geq \sigma_{k-1, t}(y)\) to equality for each \(k\), so the bounded faces have dimension at most \(n\). Given \(\tau = (\tau(1), \ldots, \tau(n)) \in \mathbb{Z}^n\) with \(k \leq \tau(k) \leq n\), we consider the face

\[ F(\tau) = \{(s, y) \in P_n, s_{k-1} = \sigma_{k-1, \tau(k)}(y) \text{ for } k = 1, \ldots, n\}. \]

**Proposition 2.1** For \(y \in [0, 1]^n\),

i) \(\sigma_{k-1, t}(y) > \sigma_{k-1, t+1}(y)\) if and only if \(\sum_{j=k}^{t+1} y_j > 1\),

ii) \(\sigma_{k-1, t}(y) > \sigma_{k-1, t+q}(y)\) for all \(q \geq 1\) if \(\sum_{j=k}^{t+q} y_j > 1\),
iii) \( \sigma_{k-1,t}(y) > \sigma_{k-1,t-1}(y) \) if and only if \( \sum_{j=k}^{t} y_j < 1 \),

iv) \( \sigma_{k-1,t}(y) > \sigma_{k-1,t-q}(y) \) for all \( 1 \leq q \leq t - k \) if \( \sum_{j=k}^{t} y_j < 1 \),
v) \( \sigma_{k-1}(y) = \sigma_{k-1,t}(y) > \sigma_{k-1,t}(y) \) for all \( t \neq t \) if and only if \( \sum_{j=k}^{t} y_j < 1 \) and \( \sum_{j=k}^{t+1} y_j > 1 \).

Proof. 

i) \( \sigma_{k-1,t}(y) - \sigma_{k-1,t+1}(y) = d_{kt} - \sum_{j=k}^{t} d_j y_j - d_{k,t+1} + \sum_{j=k}^{t+1} d_j y_j = d_{t+1}(\sum_{j=k}^{t+1} y_j - 1) \).

ii) \( \sigma_{k-1,t}(y) - \sigma_{k-1,t+q}(y) = d_{kt} - \sum_{j=k}^{t} d_j y_j - d_{k,t+q} + \sum_{j=k}^{t+q} d_j y_j = d_{t+1+q}(\sum_{j=k}^{t+q} y_j - 1) + \sum_{j=t+1}^{t+q} d_j y_j - 1 > 0 \) if \( \sum_{j=k}^{t} y_j - 1 > 0 \) as \( y \geq 0 \).

iii) and iv) are almost identical to i) and ii), and v) follows from i) - iv) and the definition of \( \sigma_{k-1}(y) \).

Theorem 2.2 Every bounded face of \( P_n \) of dimension \( n \) is of the form \( F(\tau) \) with \( \tau(k) \leq \tau(k+1) \) for \( k = 1, \ldots, n - 1 \). Such a face is described by the constraints:

\[
\begin{align*}
  s_{k-1} &= \sigma_{k-1,\tau(k)}(y) \text{ for } k = 1, \ldots, n \\
  &\sum_{j=k}^{\tau(k)} y_j \leq 1 \text{ for } k = 1, \ldots, n \\
  &\sum_{j=k}^{\tau(k)+1} y_j \geq 1 \text{ for } k = 1, \ldots, n \text{ with } \tau(k) < n \\
  &0 \leq y_j \leq 1 \text{ for } j = 1, \ldots, n.
\end{align*}
\]

Proof. Suppose \( \tau(k+1) < \tau(k) \). Then any point on the face \( F(\tau) \) satisfies \( \sum_{j=k}^{\tau(k)+1} y_j \geq 1 \) and \( \sum_{j=k}^{\tau(k)} y_j \leq 1 \) from Proposition (2.1). But \( \sum_{j=k}^{\tau(k)+1} y_j \leq \sum_{j=k}^{\tau(k)} y_j \) as \( \tau(k+1) + 1 \leq \tau(k) \), and thus \( \sum_{j=k}^{\tau(k)+1} y_j = \sum_{j=k}^{\tau(k)} y_j = 1 \). Thus \( F(\tau) \) is of dimension less than \( n \).

When \( \tau(k) \leq \tau(k+1) \) for \( k = 1, \ldots, n \), a point \( y^* \) satisfying

\[
\begin{align*}
  &\sum_{j=k}^{\tau(k)} y_j < 1 \text{ for } k = 1, \ldots, n \\
  &\sum_{j=k}^{\tau(k)+1} y_j > 1 \text{ for } k = 1, \ldots, n \\
  &0 < y_j < 1 \text{ for } j = 1, \ldots, n
\end{align*}
\]

is easily constructed by selecting \( y^*_n, y^*_{n-1}, \ldots, y^*_1 \) in that order. Therefore \( F(\tau) \) is of dimension \( n \).

Corollary. The number of bounded \( n \)-dimensional faces of \( P_n \) is \( (2n)!/(n!(n+1)!) \).

We now consider how to express a point \( (s,y) \in P_n \) as a convex combination of its extreme points and extreme rays. Obviously it suffices to find which bounded face \( F(\tau) \) contains \( (\sigma(y),y) \), and then express \( (\sigma(y),y) \) as a convex combination of extreme points of \( F(\tau) \). Note that, once \( F(\tau) \) is determined, it suffices to just consider \( y \) as \( \sigma(y) \) is uniquely determined by \( y \).
Given \( y \), the corresponding \( \tau \) is easily calculated. Then consider \( F_m(\tau) \) described by

\[
s_{k-1} = \sigma_{k-1, \tau(k)}(y) \quad \text{for} \quad k = m, \ldots, n
\]
\[
\sum_{j=1}^{\tau(k)} y_j \leq 1 \quad \text{for} \quad k = m, \ldots, n
\]
\[
\sum_{j=1}^{\tau(k)+1} y_j \geq 1 \quad \text{for} \quad k = m, \ldots, n
\]
\[
0 \leq y_j \leq 1 \quad \text{for} \quad j = m, \ldots, n.
\]

We use \( \tilde{y} \) to denote \((y_m, \ldots, y_n)\) and \( \tilde{y} \) to denote \((y_{m-1}, \ldots, y_n)\). The extreme points of \( F_m(\tau) \) are just referred to as \( \{\tilde{y}_i\}_{i \in T} \). In the next proposition, we suppose that \((s^*, y^*) \in F(\tau)\), and \((\tilde{s}^*, \tilde{y}^*, \tilde{y}_m, \ldots, \tilde{y}_n)\) has already been expressed as a convex combination of extreme points of \( F_m(\tau) \), i.e. \((\tilde{s}^*, \tilde{y}^*) = \sum_{i \in T} \lambda_i (\tilde{s}_i^*, \tilde{y}_i)\) with \( \sum_{i \in T} \lambda_i = 1 \), \( \lambda_i \geq 0 \) for \( i \in T \).

**Proposition 2.3** Let \( T_0 \subset T \) be the extreme points of \( F_m(\tau) \) with \( \sum_{j=m}^{\tau(m-1)} y_j = 1 \), \( T_1 \) those with \( \sum_{j=m}^{\tau(m-1)+1} y_j = 0 \), and \( T_2 \) those with \( \sum_{j=m}^{\tau(m-1)+1} y_j = 0 \) and \( y_{\tau(m-1)+1} = 1 \).

i) if \( \tilde{y}_i^1 \) is an extreme point of \( F_m(\tau) \) with \( i \in T_0 \), then \( \tilde{y}_i^0 = (0, \tilde{y}_i^1) \) is an extreme point of \( F_m(\tau) \).

ii) if \( \tilde{y}_i^1 \) is an extreme point of \( F_m(\tau) \) with \( i \in T_1 \), then \( \tilde{y}_i^{11} = (1, \tilde{y}_i^1) \) is an extreme point of \( F_m(\tau) \).

iii) if \( \tilde{y}_i^1 \) is an extreme point of \( F_m(\tau) \) with \( i \in T_2 \), then both \( \tilde{y}_i^{10} = (0, \tilde{y}_i^1) \) and \( \tilde{y}_i^{11} = (1, \tilde{y}_i^1) \) are extreme points of \( F_m(\tau) \).

iv) a) If \( m-1 < \tau(m-1), \sum_{i \in T_0} \lambda_i = \sum_{j=m}^{\tau(m-1)} y_j^* \),

b) If \( m-1 = \tau(m-1) \), \( \sum_{i \in T_1} \lambda_i = 1 - y_{m-1}^* \)

c) If \( m-1 < \tau(m-1) < \tau(m) \), \( \sum_{i \in T_2} \lambda_i = y_{m+1}^* \)

v) \( 0 \leq y_{m-1}^* \geq \sum_{i \in T_1} \lambda_i \).

**Proof.** i) - iii). To be extreme, the points must be integral, be extensions of the extreme points of \( F_n(\tau) \), and in addition satisfy \( \sum_{j=m}^{\tau(m-1)} y_j \leq 1 \) and \( \sum_{j=m}^{\tau(m-1)+1} y_j \geq 1 \).

iv). Note that \((T_0, T_1, T_2)\) form a partition of \( T \). Also \( \tau(m-1) = \tau(m) \) implies \( T_1 = \emptyset \), and \( \tau(m-1) = m-1 \) implies \( T_0 = \emptyset \).

a). \( \sum_{j=m}^{\tau(m-1)} \tilde{y}_j^1 = 1 \) for \( i \in T_0 \) and \( \sum_{j=m}^{\tau(m-1)} \tilde{y}_j^1 = 0 \) for \( i \in T_1 \cap T_2 \), so \( \sum_{i \in T_0} \lambda_i = \sum_{i \in T_0} \lambda_i \sum_{j=m}^{\tau(m-1)} \tilde{y}_j^1 + \sum_{i \in T_1 \cap T_2} \lambda_i \sum_{j=m}^{\tau(m-1)+1} \tilde{y}_j^1 = \sum_{j=m}^{\tau(m-1)+1} \tilde{y}_j^1 \).

b). \( \sum_{j=m}^{\tau(m-1)+1} \tilde{y}_j^1 = \tilde{y}_m^1 = 0 \) for \( i \in T_1 \), and \( \tilde{y}_m^1 = 1 \) for \( i \in T_2 \). Thus \( \sum_{i \in T_2} \lambda_i = y_{m+1}^* \), and \( \sum_{i \in T_2} \lambda_i = 1 - \sum_{i \in T_2} \lambda_i = 1 - y_{m+1}^* \) as \( T_0 = \emptyset \).

c) \( \sum_{j=m}^{\tau(m-1)+1} \tilde{y}_j^1 \leq \sum_{j=m}^{\tau(m)} \tilde{y}_j^1 \leq 1 \). But for \( i \in T_0 \), \( \sum_{j=m}^{\tau(m)} \tilde{y}_j^1 = 1 \), and as \( \tau(m-1) < \tau(m) \), \( y_{\tau(m-1)+1}^* = 1 \).

v) \( \sum_{j=m}^{\tau(m-1)+1} y_j^* \) is always holds.

If \( \tau(m-1) = \tau(m) \), \( T_2 = \emptyset \), as \( y_{m-1}^* \geq 0 \) always holds.

If \( \tau(m-1) = \tau(m) \), \( y_{m-1}^* + y_{m-1}^* \geq 1 \) and so \( y_{m-1}^* \geq 1 - y_{m-1}^* \).
Using this Proposition, it is easy to construct \((y^*_{m-1}, y^*_{m}, \ldots, y^*_n)\) as a convex combination of extreme points of \(F_{m-1}(\tau)\) from the explicit representation \((y^*_m, \ldots, y^*_n) = \sum_{i \in T} \lambda_i \tilde{y}^i\) with the extreme points of \(F_m(\tau)\).

Specifically each extreme point \(\tilde{y}^i\) of \(F_m(\tau)\) in \(T_0 \cup T_1\) extends uniquely and keeps the same weight \(\lambda_i\). These give a value \(\sum_{i \in T_1} \lambda_i\) for \(y^*_{m-1}\). As \(y^*_{m-1} \geq \sum_{i \in T_1} \lambda_i\), it suffices to greedily extend extreme points of \(T_2\) with \(y^*_{m-1} = 1\) until the value of \(y^*_{m-1}\) is attained, and then extend all other extreme points of \(T_2\) with \(y^*_{m-1} = 0\). In this way at most one more extreme point of \(F_{m-1}(\tau)\) receives a positive weight. Hence we obtain:

**Theorem 2.4** There is an \(O(n^2)\) algorithm to express any point \((s, y) \in P_n\) as a convex combination of \(n + 1\) extreme points and \(n\) extreme rays.

**Example.** Suppose \(n = 3, d = (10, 4, 7)\) and \((s^*, y^*) = (10, 0, 3.1, 4.9, 0.3, 0.5, 0.4)\).

**Step 1.** As \(y^*_1 + y^*_2 \leq 1\) and \(y^*_1 + y^*_2 + y^*_3 \geq 1\), \(\tau(1) = 2\).

As \(y^*_2 + y^*_3 \leq 1\), \(\tau(2) = 3\). Thus \(\tau = (2, 3, 3)\).

**Step 2.** \(\sigma(y^*) = (\sigma_{0,2}(y^*), \sigma_{1,3}(y^*), \sigma_{2,3}(y^*)) = (7.8, 2.7, 4.2)\). As \(s^* \geq \sigma(y^*)\), \((s^*, y^*) \in P_3\).

**Step 3.** Suppose that \((y^*_2, y^*_3)\) has been expressed as a convex combination of extreme points of \(F_3(\tau)\). Specifically \((y^*_2, y^*_3) = (0.5, 0.4) = 0.1 \times (0, 0) + 0.5 \times (1, 0) + 0.4 \times (0, 1)\).

We now extend to \((y^*_1, y^*_2, y^*_3)\).

\(m = 2\). By Proposition 2.3, the extreme point \((1, 0) \in T_0\) extends to the unique extreme point \((0, 1, 0)\) the extreme point \((0, 0) \in T_1\) to the unique extreme point \((1, 0, 0)\), and the extreme point \((0, 1) \in T_2\) to the two extreme points \((0, 0, 1)\) and \((1, 0, 1)\).

The point \((0, 1, 0)\) inherits the weight 0.5 and the point \((1, 0, 0)\) the weight 0.1 giving together a weight of 0.1 to \(y^*_1\). As \(y^*_1 = 0.3\), \((1, 0, 1)\) receives the weight 0.3-0.1=0.2, and \((0, 0, 1)\) the remainder 0.4−0.2.

Now \(y^* = (0.3, 0.5, 0.4) = 0.5 \times (0, 1, 0) + 0.1 \times (1, 0, 0) + 0.2 \times (1, 0, 1) + 0.2 \times (0, 0, 1)\).

Finally \((s^*, y^*) = 0.5 \times (10, 0, 7, 0, 1, 0) + 0.1 \times (0, 11, 7, 1, 0, 0) + 0.2 \times (0, 4, 0, 1, 0, 1) + 0.2 \times (14, 4, 0, 0, 0, 1) + 2.2 \times (1, 0, 0, 0, 0, 0) + 0.4 \times (0, 1, 0, 0, 0, 0) + 0.7 \times (0, 0, 1, 0, 0, 0)\).

**Theorem 2.2** also leads to a very simple proof of a result of Van Hoesel concerning multiple optimal solutions.

**Proposition 2.5** [6]. For the uncapacitated lot-sizing problem with Wagner-Whitin costs, if \(k_1\) and \(k_2\) are successive set-up periods in one optimal solution, then in every other optimal solution a set-up occurs at least once in the interval \([k_1, \ldots, k_2]\).

**Proof.** All optimal solutions must lie in one of the faces \(F(\tau)\). Suppose there is an optimal solution \(y^*\) with \(\sum_{j=k_1}^{k_2} y^*_j = 0\) contradicting the claim. Then as \(\sum_{j=k_1}^{\tau(k_1)+1} y_j \geq 1\) necessarily \(k_2 < \tau(k_1) + 1\). But then \(\sum_{j=k_1}^{k_2} y_j \leq \sum_{j=k_1}^{\tau(k_1)} y_j \leq 1\) and the first optimal point with \(y_{k_1} = y_{k_2} = 1\) cannot lie on the face. \(\blacksquare\)
3 Neighboring Vertices

The polyhedron $P_n$ has $2^n$ vertices $(\sigma(y), y)$, one for each $y \in \{0,1\}^n$. Let $G_n = (V_n, E_n)$ be a graph with a node for each vertex of $P_n$, and an edge whenever two vertices of $P_n$ are adjacent. We use the binary string $y_1 \ldots y_n$ for the node corresponding to the vertex $(y_1, \ldots, y_n) \in \{0,1\}^n$.

In Figure 1 below we show the adjacency matrix $A_p$ of $G_p$ for $p = 1, 2$ and of $A_{n+1}$ in terms of the structure of $A_n$.

![Adjacency Matrices](image)

**Figure 1: Adjacency Matrices**

**Theorem 3.1 i).** For $w, z \in V_n$, $(w, z) \in E_n$ if and only if $(0w, 0z) \in E_{n+1}$

**ii).** For $w, z \in V_n$, $(w, z) \in E_n$ if and only if $(1w, 1z) \in E_{n+1}$

**iii).** For $w, z \in V_{n-1}$, $(0w, 1z) \in E_n$ if and only if $(00w, 10z) \in E_{n+1}$

**iv).** For $w, z \in V_{n-1}$, $(0w, 1z) \in E_n$ if and only if $(10w, 01z) \in E_{n+1}$

**v).** For $w, z \in V_{n-1}$, $(00w, 11z) \notin E_{n+1}$

**vi).** For $w, z \in V_{n-1}$, $(01w, 11z) \in E_{n+1}$ if and only if $w = z$.

Note that i) and ii) show that $A_n$ reappears in the two main diagonal blocks of $A_{n+1}$, iii) shows that $C$ appears in the $(00y, 10y)$ block of $A_{n+1}$, iv) that $C$ appears in the $(10y, 01y)$ block of $A_{n+1}$, and hence by symmetry that $C^T$ appears in the $(01y, 10y)$ block, v) that the $(00y, 11y)$ block is the null matrix, and vi) that the $(01y, 11y)$ block is an identity matrix.

**Proof.** v) immediately follows from Proposition 2.5. i) and iii) follow from the observation that the face $y_i = 0$ of $P_{n+1}$ is isomorphic to $P_n$ with demands $d_1, \ldots, d_{i-2}, d_{i-1}, d_{i+1}, \ldots, d_{n+1}$, and $s_{i-1} \geq d_i + \sigma_i(y)$. i)-iv) can also be proved using the property that $(w, z) \in E_n$ if and only if there exists an objective function $(h, f)$ such
that $\sigma(w), w$ and $(\sigma(z), z)$ are the only two optimal extreme point solutions of
$\min \{hs + fy : (s, y) \in P_k \}$. We now prove iv) in this way.

First suppose that $(0w, 1z) \in E_n$. As we need to add a new coordinate in the first
position, we consider a generic vector in $V_n$ to be $(y_2, y_3, \ldots, y_{n+1})$, which we shorten
to $(\bar{y}_2, \bar{y})$ where $\bar{y} = (y_3, \ldots, y_{n+1}) \in \{0, 1\}^{n-1}$.

Now suppose that there exists an objective function $\sum_{t=1}^{n} h_t s_t + \sum_{t=2}^{n+1} f_t y_t$ with
 corresoping demands $d_2, \ldots, d_{n+1}$ such that, if $\phi_n(y_2, y)$ denotes $\sum_{t=1}^{n} h_t \sigma_t(y_2, y) +
\sum_{t=2}^{n+1} f_t y_t$, then

$$\phi_n(0w) = \phi_n(1z),$$

$$\phi_n(0w) < \phi_n(0y) \text{ for } y \neq w \text{ and}$$

$$\phi_n(1z) < \phi_n(1y) \text{ for } y \neq z.$$

Now define a new objective function $\sum_{t=0}^{n} h'_t s_t + \sum_{t=1}^{n+1} f'_t y_t$ with
$h'_0 = 1, h'_t = h_t$
for $t = 1, \ldots, n$, $f'_t = d_1 + d_2/2, f'_2 = f_2 + d_2/2$ and $f'_t = f_t$ for $t = 3, \ldots, n+1$.
We use $\phi_{n+1}(y_1, y_2, y)$ to denote $\sum_{t=0}^{n} h'_t \sigma_t(y_1, y_2, y) + \sum_{t=1}^{n+1} f'_t y_t$, and $\psi(y)$
to denote $\sum_{t=2}^{n} h_t \sigma_t(y) + \sum_{t=3}^{n+1} f_t y_t$ where we use the fact that $\sigma_t(y_1, y_2, y)$ depends only on
$y_1, \ldots, y_{n+1}$.

Now by definition

$$\phi_n(0w) = h_1 \sigma_1(0w) + \psi(w), \text{ so } h_1 \sigma_1(0w) + \psi(w) < h_1 \sigma_1(0y) + \psi(y) \text{ for } y \neq w, \text{ and}$$

$$\phi_n(1z) = f_2 + \psi(z), \text{ so } \psi(z) < \psi(y) \text{ for } y \neq z.$$

Consider now the new objective function. We will show that $10w$ and $01z \in V_{n+1}$
are the unique 0-1 optimal solutions which suffices to show that $(10w, 01z) \in E_{n+1}$.
We distinguish five cases.

$\phi_{n+1}(10w) = f'_1 + h'_1 \sigma_1(0w) + \psi(w)$
$$= d_1 + d_2/2 + h_1 \sigma_1(0w) + \psi(w)$$
$$= d_1 + d_2/2 + \phi_n(0w).$$

Also $\phi_{n+1}(01z) = h'_0 \sigma_0(01z) + f'_2 + \psi(z)$
$$= d_1 + f_2 + d_2/2 + \psi(z)$$
$$= d_1 + d_2/2 + \phi_n(1z) = d_1 + d_2/2 + \phi_n(0w) = \phi_{n+1}(10w).$$

$\phi_{n+1}(00y) = h'_0 \sigma_0(00y) + h'_1 \sigma_1(0y) + \psi(y)$
$$= d_1 + h'_1 \sigma_1(0y) + h'_1 \sigma_1(0y) + \psi(y)$$
$$\geq d_1 + d_2 + h_1 \sigma_1(0y) + \psi(y) \text{ as } \sigma_1(0y) \geq d_2$$
$$= d_1 + d_2 + \phi_n(0y)$$
$$\geq d_1 + d_2 + \phi_n(0w) \text{ for all } y$$
$$> f'_1 + \phi_n(0w) = \phi_{n+1}(10w).$$

$\phi_{n+1}(10y) = f'_1 + h'_1 \sigma_1(0y) + \psi(y)$
$$= f'_1 + h_1 \sigma_1(0y) + \psi(y)$$
$$> f'_1 + h_1 \sigma_1(0w) + \psi(w) \text{ for } y \neq w$$
$$= f'_1 + h'_1 \sigma_1(0w) + \psi(w) = \phi_{n+1}(10w).$$

$\phi_{n+1}(01y) = h'_0 \sigma_0(01y) + f'_2 + \psi(y)$
= d_1 + f_2 + d_2/2 + \psi(y)
> d_1 + f_2 + d_2/2 + \psi(z) = \phi_{n+1}(01z).

Finally \( \phi_{n+1}(11y) = f'_1 + f'_2 + \psi(y) \)
= d_1 + d_2 + f_2 + \psi(y)
> d_1 + d_2/2 + f_2 + \psi(z) = \phi_{n+1}(01z).

Conversely suppose that \((10w, 01z) \in E_{n+1}\). Then there exists an objective function
\[ \sum_{t=0}^{n} h_t s_t + \sum_{t=1}^{n+1} f_t y_t \]
such that \( \phi_{n+1}(10w) = \phi_{n+1}(01z) < \phi_{n+1}(y_{12}y) \) for \( y_{12}y \neq 10w, 01z \).

Now let \( \psi(y) = \sum_{t=1}^{n} h_t' \sigma_t(y) + \sum_{t=1}^{n+1} f_t y_t \), so that
\[ \phi_{n+1}(10w) = f'_1 + h'_1 \sigma_1(0w) + \psi(w) < f'_1 + h'_1 \sigma_1(0y) + \psi(y) \text{ for } y \neq w, \]
and
\[ \phi_{n+1}(01z) = h'_0 \sigma_0(01z) + f'_2 + \psi(z) = h'_0 d_1 + f'_2 + \psi(z) < h'_0 d_1 + f'_2 + \psi(y) \text{ for } y \neq z. \]
Now consider the objective function \( \sum_{t=1}^{n} h_t s_t + \sum_{t=1}^{n+1} f_t y_t \) with \( h_t = h'_t \) for \( t = 1, \ldots, n \), \( f_2 = f'_2 - h'_0 d_1 \), \( f_t = f'_t \) for \( t = 3, \ldots, n+1 \).

One can check that
\[ \phi_n(0w) = h_1 \sigma_1(0w) + \psi(w) \]
\[ \phi_n(1z) = f_2 + \psi(z) = f'_2 - f'_1 + h'_0 d_1 + \psi(z) = \phi_{n+1}(10w) - f'_1 = h'_1 \sigma_1(0w) + \psi(w) = h'_1 \sigma_1(0w) + \psi(w) = \phi_n(0w). \]
\[ \phi_n(0y) = h_1 \sigma_1(0y) + \psi(y) = \phi_{n+1}(10y) - f_1 > \phi_{n+1}(10w) - f_1 = \phi_n(0w) \text{ for } y \neq w. \]
\[ \phi_n(1y) = f_2 + \psi(y) > f_2 + \psi(z) \text{ for } y \neq z \]
= \( \phi_n(1z) \).

Hence we have shown that 0w and 1z \( \in V_n \) are the unique integer optimal solutions, and so \((0w, 1z) \in E_n\).

The proofs of the other cases are similar.

Knowing the structure of the adjacency matrix \( A_n \), it is easy to obtain a more direct way to characterize adjacency. This immediately leads to a linear time algorithm.

**Theorem 3.2** Two distinct nodes \( y \) and \( z \) are adjacent if and only if after removal of those entries where \( y_i = z_i = 0 \), the remaining vectors of length \( r \geq 1 \) have the form \( y_i = z_i = 1 \) for \( i = 1, \ldots, p \) and for \( i = q, \ldots, r \), and \( y_i + z_i = 1 \) for \( i = p + 1, \ldots, q - 1 \) and \( y_i + y_{i+1} = 1 \) for \( i = p + 1, \ldots, q - 2 \) with \( 0 \leq p < q \leq r + 1 \).

**Corollary [2]** If \((w, z) \in E_n\), then \( |\sum_{t=1}^{n} w_t - \sum_{t=1}^{n} z_t| \leq 1 \).

### 4 Finding All Optimal Solutions

In [7], van Hoesel et al. present a dual greedy algorithm for uncapacitated lot-sizing that runs in \( O(n^2) \). Here we analyze their algorithm and draw the conclusion that it finds all optimal solutions, or alternatively the optimal face of \( P_n \).
Consider the problem \( \min \{cx : x \in X \} \). For simplicity we suppose that \( X \subseteq \mathbb{R}^n \) is full-dimensional. For a given \( c \), let \( M(c) \) be the set of all optimal solutions.

**Dual Face Algorithm.** For all \( c \neq 0 \), there is an algorithm specifying a valid inequality \( a^{i(c)}x \geq b^{i(c)} \) and a bound \( \bar{a} > 0 \) such that \( M(c - u\bar{a}^{i(c)}) \subseteq \{x : a^{i(c)}x = b^{i(c)}\} \) for all \( 0 \leq u < \bar{a} \), but \( M(c - \bar{a}\bar{a}^{i(c)}) \) is not a subset of \( \{x : a^{i(c)}x = b^{i(c)}\} \).

**Proposition 4.1** If \( a^{i(c)}x \geq b^{i(c)} \) and \( \bar{a} > 0 \) are specified as in the dual face algorithm, i) \( M(c) = M(c - u\bar{a}^{i(c)}) \) for all \( 0 \leq u < \bar{a} \), ii) \( M(c) = M(c - \bar{a}\bar{a}^{i(c)}) \cap \{x : a^{i(c)}x = b^{i(c)}\} \).

**Proof.** i) Suppose \( x, y \in X \) with \( x \in M(c - u\bar{a}^{i(c)}) \). Then \( (c - u\bar{a}^{i(c)})x \leq (c - u\bar{a}^{i(c)})y \). Thus \( cx \leq cy - u(a^{i(c)}y - b^{i(c)}) + u(a^{i(c)}x - b^{i(c)}) \leq cy \) as \( u \geq 0 \), \( a^{i(c)}y \geq b^{i(c)} \) as \( y \in X \), and \( a^{i(c)}x = b^{i(c)} \). Thus \( M(c - u\bar{a}^{i(c)}) \subseteq M(c) \).

Now suppose \( x^1 \in M(c) \setminus M(c - u\bar{a}^{i(c)}) \), and \( x^2 \in M(c - u\bar{a}^{i(c)}) \). As \( x^1, x^2 \in M(c) \), \( cx^1 = cx^2 \). But as \( a^{i(c)}x^1 = a^{i(c)}x^2 = b^{i(c)} \), \( (c - u\bar{a}^{i(c)})x^1 = (c - u\bar{a}^{i(c)})x^2 \), a contradiction as \( x^1 \notin M(c - u\bar{a}^{i(c)}) \).

ii) Let \( z(u) = \min \{(c - u\bar{a}^{i(c)})x : x \in X\} \). By i), if \( x^* \in M(c) \) and \( 0 \leq u \leq \bar{u} \), \( z(u) = (c - u\bar{a}^{i(c)})x^* \). As \( z(u) \) is a continuous function of \( u \), \( z(\bar{u}) = (c - \bar{a}\bar{a}^{i(c)})x^* \), and hence \( M(c) \subseteq M(c - \bar{a}\bar{a}^{i(c)}) \). The proof of the converse, that \( M(c - \bar{a}\bar{a}^{i(c)}) \subseteq \{x : a^{i(c)}x = b^{i(c)}\} \subseteq M(c) \), is identical to the first part of the proof of i). \( \square \)

Consider now a dual algorithm based on the dual face algorithm.

**The Dual Greedy Algorithm.**

**Initialization.** Let \( c^1 = c \).

**Iteration t.** Find a valid inequality \( a^{i(t)}x \geq b^{i(t)} \) for \( X \) and a value \( u_t \) using the dual face algorithm, and set \( c^{t+1} = c^t - u_t a^{i(t)} \). If \( c^{t+1} \neq 0 \), increase \( t \), and repeat.

**Termination** \( c^{T+1} = 0 \).

**Theorem 4.2** The face of all optimal solutions of \( \min \{cx : x \in \text{conv}(X)\} \) is \( \{x : a^{i(t)}x = b^{i(t)} \text{ for } t = 1, \ldots, T\} \). \( M(c) \) is the set of integral points of this face (extreme points for 0-1 problems).

**Proof.** Using ii) of the previous Proposition, \( M(c) = M(c^1) = M(c^2) \cap \{x : a^{i(1)}x = b^{i(1)}\} = \cdots = M(c^{T+1}) \cap_{t=1}^T \{x : a^{i(t)}x = b^{i(t)}\} \). As \( M(c^{T+1}) = M(0) = \mathbb{R}^n \), the claim follows. \( \square \)

The following algorithm is a specialization of the algorithm from [7].

**A Dual Face Algorithm for Lot-Sizing with Wagner-Whitin costs.**

\( M(h, f) \) is the set of optimal solutions of \( z = \min \{hs + fy : (s, y) \in P_n, y \in \mathbb{Z}^n\} \).

If \( h < 0 \), \( z = -\infty \).

If \( f < 0 \), \( M(h, f) \subseteq \{(s, y) : -y_j = -1\} \) and \( \bar{a} = -f \).
For $h, f \geq 0$, let $k - 1 = \max\{j : h_j > 0\}$.
If $f_j = 0$ for all $j \geq k$, $M(h, f) \subseteq \{(s, y) : s_{k-1} = 0\}$ and $\bar{u} = h_{k-1}$.
Otherwise let $l = \min\{j : f_j > 0, j \geq k\}$.
If $k < l$, $M(h, f) \subseteq \{(s, y) : y_l = 0\}$ and $\bar{u} = f_l$.
If $k = l$, let $t = \max\{j : f_i > 0 \text{ for } k \leq i \leq j\}$, then $M(h, f) \subseteq \{(s, y) : s_{k-1} + \sum_{j=k}^t d_j y_j = d_{kt}\}$ and $\bar{u} = \min\{h_{k-1}, f_k/d_{kt}, \ldots, f_t/d_t\}$.

**Theorem 4.3** The optimal face of $\min\{hs + fy : (s, y) \in P_n\}$ can be found by the dual greedy algorithm in $O(n^2)$.

**Proof.** In the dual face algorithm, $\bar{u}$ is chosen so that one of the objective coefficients becomes zero and then never changes. Thus the algorithm terminates after at most $2n$ iterations, and the work per iteration is $O(n)$.  

5 Concluding Remarks

Here we have studied the simplest lot-sizing polyhedron over which it is possible to optimize in polynomial time. There are many more complicated polyhedra that are much less well understood, see [5]. It is to be hoped that the geometric viewpoint taken here can be generalized to some of these more complicated polyhedra. It would also be interesting to examine whether dual greedy algorithms terminate with the set of all optimal solutions in other contexts.

References


