

APPLICATION OF STATE INCREMENT DYNAMIC PROGRAMMING  
TO INDUSTRIAL MANAGEMENT SYSTEMS

by 45

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A MASTER'S REPORT

submitted in partial fulfillment of the  
requirements for the degree

MASTER OF SCIENCE

Department of Industrial Engineering

KANSAS STATE UNIVERSITY

Manhattan, Kansas

1969

Approved by:



Major Professor

LD  
2668  
R4  
1969  
K36

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## SYMBOLS

$f$	scalar function
$\underline{f}$	vector function
$h$	profit function
$s$	dummy variable for time
$t$	time, independent variable
$t_0, t_f$	initial and final time respectively
$x$	scalar state
$\underline{x}$	state vector
$z$	scalar control
$\underline{z}$	control vector
$B$	block designation
$G^{(k)}$	profit resulting from control $z^{(k)}$ over incremental time
$H^{(k)}$	interpolated optimal profit at state $x^{(k)}$
$I(x,t)$	optimal profit at state $x$ and time $t$
$J(x,z,t)$	profit function
$K$	total number of control increments
$M$	total number of time increments
$S$	total number of time increments $\Delta t$ within a block
$Z$	set of admissible controls
$X$	set of possible states
$\bar{\alpha}, \alpha^+$	bounds on control variables

$\beta^-, \beta^+$	bounds on state variables
$\Delta x$	fixed increment in state variable
$\Delta t$	fixed increment in time
$\Delta T$	interval in independent variable time covered by a block
$\Delta z$	fixed increment in control variable

## 1. INTRODUCTION

Dynamic programming is a useful tool in optimizing multistage optimization problems. The method of dynamic programming is based on the mathematical notion of recursion. The main characteristics of optimization problems to which it can be applied is that several decisions have to be made to optimize the overall performance of a system. Furthermore, the system consists of several stages and the decision made at the later stage do not affect the performance of the earlier stages.

For a multistage process, the optimal overall policy cannot be arrived at by considering the effect of each decision at each stage separately. In other words, it is not true that the overall optimum is the same optimum obtained by optimizing each individual stage. It might, for example be that a bit of sacrifice in the first stage may place us in a much stronger position in the second stage and thus a higher total profit is obtained. This will be achieved if the method of dynamic programming is used.

The subject owes much of its development to Bellman and his associates at the Rand Corporation. The concept on which dynamic programming [1-5] is based is the principle of optimality which states:

"An optimal policy has the property that, whatever the initial state and initial decision are, the remaining decisions must constitute an optimal policy with respect to the state resulting from the first decision".