# The collective effect of rework, expedited-rate, external source, and machine failures on manufacturing runtime planning 



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CHRONICLE
Article history:
Received March 2, 2022
Received in revised format:
March 21, 2022
Accepted May 62022
Available online
May 6, 2022
Keywords:
Optimization
Manufacturing system
Machine failures
Runtime
Rework
Expedited-rate
External source


#### Abstract

Production managers face the growing trend of rapid-response orders and inevitable production defects and failures; they must carefully measure these factors' effects to minimize operating expenditures and operational disruption. Inspired by assisting producers decide the optimal runtime policy under these real situations, this work investigates the collective impact of rework, expedited-rate, external source, and machine failures on such a specific fabrication system. A partial outsourcing and expedited manufacturing rate are considered in the studied system to reduce the batch fabricating time. Additionally, defects rework and repair failure machines are implemented to retain the quality and avoid production disruption. Our research scheme consists of (1) developing a model for the mentioned manufacturing characteristics; and (2) analytical and optimization techniques for deciding the best batch runtime decision by minimizing the system's overall expenses. Lastly, we provide numerical examples to demonstrate the model's applicability and disclose important, in-depth characteristics that facilitate managerial decisionmaking.


## 1. Introduction

Facing inevitable production defects and machine failures and the rising trend of rapid-response orders, current manufacturers must carefully measure the above factors' impact to minimize the potential operational disruption and the total operating expenditures. This work develops a model to cautiously explore the collective effect of rework, machine failures, and implementing expedited-rate and external sources on such a specific fabrication system to facilitate managerial decision-making. Instantly reworking random defects and correcting machine failures can maintain anticipated product quality and prevent unwanted fabrication interruption. Jabal Ameli et al. (2008) studied a cell formation problem featuring unreliable machine and substitute process routings. The researchers proposed a multi-objective cost-minimization and reliability- maximization model and applied integer linear programming techniques to resolve it. They mainly explored the cost and time-based effects of the unreliable machine and applied an É-constraint methodology for optimizing their multi-objective programming. Finally, the researchers demonstrated the capability of their model via numerical examples and evaluated various influences of reliability considerations. Ullah and Kang (2014) examined an inventory model considering imperfect production with inspection, rejects, rework, and work in process. The researchers built a model for * Corresponding author. Tel.: +886-4-23323000 (ext. 4709) E-mail address: whc@cyut.edu.tw (H.-C. Wang)
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determining the optimum batch size that kept the average system cost minimum. The impact of the abovementioned practical system features are assessed via numerical examples, and the research results are compared and discussed with existing models. Öztürk, H. (2021) incorporated product screening time, rework, and the facility failures into an imperfect fabrication-inventory integrated system, wherein the manufacturing runtime is a decision variable. The scenario considered a continuous screening process and no allowable stock-out situation; the author developed a math model and showed the concavity of the profit function. The study obtained an optimal system policy and examined a few relevant exceptional cases by applying an analytical methodology. Finally, the researcher draws insights into the study with a numerical illustration with sensitivity analysis. Extra works (Kumar et al., 2004; Maggio et al., 2009; Rostami et al., 2018; Karim and Nakade, 2021; Yamada et al., 2021) discovered the effect of different unreliable machine situations and rework policies on operating control and management for manufacturing systems.

To cope with the rising trend of rapid-response orders, the present study considers partial outsourcing and an expedited rate in our fabrication model, aiming to shorten batch fabricating time. Outsourcing and expeditedrate relating surveys include: Mendelson and Parlaktürk (2008) explored the market competition focusing on product price and variety issues. The researchers considered two different producers. The traditional one has a narrow set of products with on-hand inventories and an aggressive (customizing) firm that will take the client's order of any configured product with no no-hand stocks available. They further assumed that in the short run, the aggressive producer has a limited capacity. The equilibrium for a duopoly competition of these different types of producers was derived. The characteristics and monopoly were analyzed and compared. Through their further investigation, the researchers disclosed the managerial insights of the degree of customization, market size, stock holding cost, capacity expanding, product variety, and profit. Ayed et al. (2011) derived the optimal production policy for an integrated production-maintenance system with stochastic demand, service-level constraint, variable fabricating rate, and subcontracting. They assumed the in-house capacity was limited. Their study incorporated the necessary subcontracting and possibly increased the fabricating rate to meet the uncertain demands and service levels. By considering the above factors plus the degrading machine issue, the researchers aimed to decide on an optimal hybrid production plan that meets the demand and minimizes the relevant costs. Neidigh and Harrison (2017) derived the optimal batch size for a multiproduct multi-machine system with increasing (nonlinear) fabricating rates to create production efficiency owing to learning effects. Their study was particularly suitable for the large batch sizes, but it was ill-suited to the just-in-time application where lot size is small. The researchers built a model to balance the influence of several competing factors and aim to decide the best lot sizes to meet demands and minimize the fabrication-inventory cost. Finally, they extended the original model to deal with the multiproduct, multi-machine manufacturing system and demonstrated the efficiency in obtaining the results with actual cases. Hazrati et al. (2021) explored an economic order problem by developing a hybrid decision model to minimize operating costs and maximize the number of outsourced products with different weight values according to the fuzzy analytic method. Their model considered simultaneous orders of multiproduct from multiple suppliers in batch and with discount. The researchers used a non-dominated sorting algorithm from MATLAB to solve this multi-objective model. They validated the research results with the metaheuristic solution and found that it fell within the $1 \%$ range of the optimal solution. The study also provided managerial insights on the problem concerning demand, discount, and overall operating cost. Extra works (Grossman and Helpman, 2002; Pan and Yang, 2008; Shy and Stenbacka, 2012; Chiu et al., 2019; Dey et al., 2019; Ramasubbu et al., 2019; Chiu et al., 2020; Kershaw et al., 2021; Chiu et al., 2021) explored the impact of different subcontracting strategies and variable fabricating rates on diverse manufacturing systems and their production controlling, planning, and management. Few works have studied the collective effect of rework, expedited rate, external source, and machine failures on manufacturing runtime planning; we try to fill this gap.

## 2. Assumption, description, and modeling of the problem

This work explores the collective effect of rework, expedited-rate, external source, and machine failures on manufacturing runtime planning. The relevant definition of symbols is provided below.

$$
\begin{aligned}
& \pi=\text { outsourcing proportion of a batch (where } 0<\pi<1 \text { ), } \\
& C_{\pi}=\text { unit outsourcing cost, } \\
& K_{\pi}=\text { outsourcing setup cost, }
\end{aligned}
$$

$C$ =standard unit cost,
$K=$ standard setup cost,
$\beta_{2}=$ the connecting variable between $C$ and $C_{\pi}$,
$\beta_{1}=$ the connecting variable between $K$ and $K_{\pi}$,
$P_{1 \mathrm{~A}}=$ expedited rate per year,
$P_{2 \mathrm{~A}}=$ annual expedited reworking rate,
$P_{2}=$ standard annual reworking rate,
$C_{\mathrm{A}}=$ unit cost when expedited-rate is implemented,
$K_{\mathrm{A}}=$ setup cost when expedited-rate is implemented,
$P_{1}=$ standard producing rate (i.e., without implementing expedited rate),
$P_{2}=$ standard rework rate,
$C_{\mathrm{RA}}=$ unit rework cost when $P_{2 \mathrm{~A}}$ is implemented,
$C_{\mathrm{R}}=$ standard reworking cost,
$\alpha_{1}=$ the connecting variable between $P_{1}$ and $P_{1 \mathrm{~A}}$, and between $P_{2}$ and $P_{2 \mathrm{~A}}$,
$\alpha_{2}=$ the connecting variable between $K$ and $K_{\mathrm{A}}$,
$\alpha_{3}=$ the connecting variable between $C_{\mathrm{A}}$ and $C$, and between $C_{\mathrm{RA}}$ and $C_{\mathrm{R}}$,
$\beta=$ mean Poisson-distributed failures per year,
$t=$ mean time to breakdown,
$t_{\mathrm{r}}=$ needed/allowed time to fix a failure,
$M=$ cost for fixing a failure,
$\lambda=$ annual demand,
$t_{1 Z}=$ production runtime/uptime - the decision variable,
$Q=$ production lot-size,
$t^{\prime}{ }_{2 Z}=$ rework time in the failure happening case,
$t^{\prime} 3 z=$ finished-items depleting time in the failure happening case,
$T_{\mathrm{Z}}^{\prime}=$ cycle length in the failure happening case,
$x=$ Uniform-distributed annual defective rate,
$d_{1 \mathrm{~A}}=$ annual production rate of nonconforming items, where $d_{1 \mathrm{~A}}=P_{1 \mathrm{~A}} x$,
$h=$ unit holding cost,
$h_{3}=$ unit holding cost of safety stock,
$h_{1}=$ reworked item's unit holding cost,
$C_{1}=$ unit cost of safety stock,
$C_{\mathrm{T}}=$ unit delivery cost,
$g=t_{\mathrm{r}}$, needed/allowed time to fix a failure,
$H$ =inventory level when the outsourced goods are received,
$H_{0}=$ inventory level when a failure happens,
$H_{1}=$ inventory level when production uptime finishes,
$H_{2}=$ inventory level when rework time finishes,
$T_{\mathrm{Z}}=$ cycle length when no breakdown happening,
$t_{2 Z}=$ rework time when no breakdown happening,
$t_{3 Z}=$ finished-items depleting time in the no failure happening case,
$T=$ cycle length for a system without expedited-rate, external source, nor failures,
$t_{1}$ = uptime for a system without expedited-rate, external source, nor failures,
$t_{2}=$ rework time for a system without expedited-rate, external source, nor failures,
$t_{3}=$ finished-items depleting time for a system without expedited-rate, external source, nor failures,
$d_{1}=$ annual production rate of nonconforming items for a system without expedited-rate, external source, nor failures,
$I(t)=$ inventory level at time $t$,
$I_{\mathrm{F}}(t)=$ inventory level of safety stock at time $t$,
$I_{\mathrm{d}}(t)=$ defective inventory level at time $t$,
$T C\left(t_{1 \mathrm{Z}}\right)_{1}=$ total cost per cycle in the breakdown occurring case,
$T C\left(t_{1 \mathrm{Z}}\right)_{2}=$ total cost per cycle in no breakdown occurring case,
$E\left[T C\left(t_{1 \mathrm{Z}}\right)_{1}\right]=$ the expected total cost per cycle in case one of this study,
$E\left[T C\left(t_{1 \mathrm{Z}}\right)_{2}\right]=$ the expected total cost per cycle in case two,
$\boldsymbol{T}_{\mathbf{Z}}=$ cycle length,
$E\left[T_{\mathrm{Z}}\right]=$ the expected cycle length in case two of this study,
$E\left[T_{Z}^{\prime}\right]=$ the expected cycle length in case on,

Consider the proposed batch production system has a lot-size $Q$, and it needs to meet the product demand of $\lambda$ per year. An external source helps supply a $\pi Q$ portion of the lot to reduce the batch cycle length. To further shorten cycle length, the in-house process uses an expedited rate $P_{1 \mathrm{~A}}$ to manufacture the other $(1-\pi) Q$ of the lot. The following relationships accompanying the expedited-rate strategy versus standard production:

$$
\begin{align*}
& P_{1 \mathrm{~A}}=\left(1+\alpha_{1}\right) P_{1}  \tag{1}\\
& C_{\mathrm{A}}=\left(1+\alpha_{3}\right) C  \tag{2}\\
& K_{\mathrm{A}}=\left(1+\alpha_{2}\right) K \tag{3}
\end{align*}
$$

Eq. (4) and Eq. (5) exhibit the relationships accompanying the outsourcing strategy versus in-house production:

$$
\begin{align*}
& C_{\pi}=\left(1+\beta_{2}\right) C  \tag{4}\\
& K_{\pi}=\left(1+\beta_{1}\right) K \tag{5}
\end{align*}
$$

In each cycle, the reworking of $x$ proportion of defective products randomly produced by the in-house process ensures the desired product quality. On the other hand, the external source promises their products' quality. The scheduled receipt time of outsourcing products is at the beginning time of the in-house stock depleting time. This study does not permit stock-out situations; so, $\left(P_{1 \mathrm{~A}}-d_{1 \mathrm{~A}}-\lambda\right)>0$. Eq. (6) and Eq. (7) show the relationships of parameters accompanying the expedited reworking rate versus the standard one:

$$
\begin{align*}
& P_{2 \mathrm{~A}}=\left(1+\alpha_{1}\right) P_{2}  \tag{6}\\
& C_{R A}=\left(1+\alpha_{3}\right) C_{R} \tag{7}
\end{align*}
$$

Furthermore, the production facility is subject to a Poisson distribution breakdown-rate with a mean of $\beta$ failures per year. The time to a failure occurrence $t$ adheres to the Exponential-distributed rate (i.e., $f(t)=\beta e^{-\beta t}$ as its density function). This study adopts an abort/resume (A/R) stock control policy when a failure happens. The fabrication of interrupted (unfinished) lot immediately resumes when the failure is corrected. This study assumes a fixed failure-repair time $t_{\mathrm{r}}$; if actual repair time exceeds $t_{\mathrm{r}}$, we use a rental/spare machine to avoid unwanted delay in the production. To explicitly explore the randomness of equipment failures, this study considers the following separate cases:

### 2.1. Case one: A random failure happens during uptime

In case one, the time to a failure incidence $t<t_{1 Z}$. Fig. 1 exhibits the case one's stock level (in blue lines).


Fig. 1. The case one's stock level (in blue lines) compared to the same problem but without the uptimereduction strategies (in black lines)

When a failure occurs, the stock status arrives at $H_{0}$. Its position stays the same during $t_{\mathrm{r}}$. After the failure is corrected, the inventory level grows up again, and it reaches $H_{1}$ when $t_{1 Z}$ ends. Then, the rework process brings the inventory level to $H_{2}$ when $t^{\prime}$ 'z ends. The external source supplies the outsourced items to bring up the inventory level to $H$ at the beginning of depleting time $t^{\prime}{ }_{3 z}$. Once the stock level drops to zero at the end of $t^{\prime}{ }_{3 Z}$, the next replenishing cycle begins (refer to Fig. 1). Fig. 2 exhibits the safety inventory level in case one. The proposed model utilizes the safety stocks to satisfy the product demand during $t_{\mathrm{r}}$. Fig. 3 illustrates the status of defective products. The total defective products in a cycle are as follows:

$$
\begin{equation*}
d_{1 \mathrm{~A}} t_{1 \mathrm{Z}}=x Q(1-\pi)=x P_{1 \mathrm{~A}} t_{1 \mathrm{Z}} \tag{8}
\end{equation*}
$$

Also, the following relationships are observed from Fig. 1 to Fig. 3:

$$
\begin{align*}
& H_{0}=\left(P_{1 \mathrm{~A}}-d_{1 \mathrm{~A}}-\lambda\right) t  \tag{9}\\
& t_{1 \mathrm{Z}}=\frac{H_{1}}{P_{1 \mathrm{~A}}-d_{1 \mathrm{~A}}-\lambda}=\frac{(1-\pi) Q}{P_{1 \mathrm{~A}}} \tag{10}
\end{align*}
$$



Fig. 2. The safety inventory level in case one


Fig. 3. The status of defective products in case one during $T_{\mathrm{Z}}^{\prime}$

$$
\begin{align*}
& H_{1}=\left(P_{1 \mathrm{~A}}-d_{1 \mathrm{~A}}-\lambda\right) t_{1 \mathrm{Z}}  \tag{11}\\
& t^{\prime}{ }_{2 \mathrm{Z}}=\frac{x[(1-\pi) Q]}{P_{2 \mathrm{~A}}}  \tag{12}\\
& H_{2}=H_{1}+\left(P_{2 \mathrm{~A}}-\lambda\right) t^{\prime}{ }_{2 \mathrm{Z}}  \tag{13}\\
& H=H_{2}+\pi Q  \tag{14}\\
& t^{\prime}{ }_{3 \mathrm{Z}}=\frac{H}{\lambda}  \tag{15}\\
& T^{\prime}{ }_{\mathrm{Z}}=t_{1 \mathrm{Z}}+t_{\mathrm{r}}+t^{\prime}{ }_{2 \mathrm{Z}}+t^{\prime}{ }_{3 \mathrm{Z}} \tag{16}
\end{align*}
$$

$T C\left(t_{1 \mathrm{z}}\right)_{1}$, the total cost per cycle comprises the following: the fixed and variable in-house manufacturing and outsourcing cost, safety stock relevant cost, failure correction cost, reworking cost, and holding costs (including the reworked items, perfect and defective products) during $T_{Z}^{\prime}$ (see Eq. (17)).

$$
\begin{align*}
T C\left(t_{1 Z}\right)_{1} & =K_{A}+(1-\pi) Q C_{A}+K_{\pi}+(\pi Q) C_{\pi}+C_{1}\left(\lambda t_{r}\right)+M+x(1-\pi) Q C_{R A}+C_{T}\left(\lambda t_{r}\right) \\
& +\left(\lambda t_{r}\right)\left(t+\frac{t_{r}}{2}\right) h_{3}+\frac{P_{2 A} t^{\prime}}{2}  \tag{17}\\
& +h\left[\frac{H_{1}+d_{1 A} t_{1 Z}}{2}\left(t^{\prime}{ }_{2 Z}\right) h_{1}\right. \\
2 & \left.+\frac{H_{1}+H_{2}}{2}\left(t^{\prime}{ }_{2 Z}\right)+\frac{H}{2}\left(t^{\prime}{ }_{3 Z}\right)+\left(H_{0} t_{r}\right)+\left(d_{1 A} t\right) t_{r}\right]
\end{align*}
$$

Substitute Eqs. (1) to (8) in Eq. (17), $T C\left(t_{1 \mathrm{Z}}\right)_{1}$ is as follows:

$$
\begin{align*}
T C\left(t_{1 \mathrm{Z}}\right)_{1} & =\left(1+\alpha_{2}\right) K+(1-\pi) Q\left(1+\alpha_{3}\right) C+\left(1+\beta_{1}\right) K+C(\pi Q)\left(1+\beta_{2}\right)+M+x(1-\pi) Q\left(1+\alpha_{3}\right) C_{\mathrm{R}} \\
& +\left(\lambda t_{r}\right) C_{1}+\left(\lambda t_{r}\right) C_{T}+\left(\lambda t_{r}\right)\left(t+\frac{t_{r}}{2}\right) h_{3}+\frac{\left[\left(1+\alpha_{1}\right) P_{2}\right] t^{\prime}{ }_{2 \mathrm{Z}}}{2}\left(t^{\prime}{ }_{2 Z}\right) h_{1}  \tag{18}\\
& +h\left[\frac{H_{1}+x\left(1+\alpha_{1}\right) P_{1} t_{1 \mathrm{Z}}}{2}\left(t_{1 Z}\right)+\frac{H_{1}+H_{2}}{2}\left(t^{\prime}{ }_{2 Z}\right)+\frac{H}{2}\left(t^{\prime}{ }_{3 Z}\right)+\left(H_{0} t_{r}\right)+x\left(1+\alpha_{1}\right) P_{1}(t) t_{r}\right]
\end{align*}
$$

### 2.2. Case two: No random failure happens in uptime

In case two, we have $t \geq t_{1 z}$. Fig. 4 depicts the case two's stock level (in blue lines). It shows that when uptime ends, the stock level reaches $H_{1}$, and it climbs up to $H_{2}$ when the rework ends. Once the outsourced items are received, the stock level jumps to $H$ before $t_{3 Z}$. Fig. 5 displays the status of safety stock in case two, where it remains unchanged at all time since no failures occur. For the level of defective products in case two, one can refer to Fig. 3 but exclude the period of $t_{\mathrm{r}}$. Similarly, we can observe the following relationships among parameters according to our model's assumption model description (see Fig. 4 to Fig. 6):

$$
\begin{align*}
& t_{1 \mathrm{Z}}=\frac{H_{1}}{P_{1 \mathrm{~A}}-d_{1 \mathrm{~A}}-\lambda}=\frac{Q(1-\pi)}{P_{1 \mathrm{~A}}}  \tag{19}\\
& H_{1}=\left(P_{1 \mathrm{~A}}-d_{1 \mathrm{~A}}-\lambda\right) t_{1 \mathrm{Z}}  \tag{20}\\
& t_{2 \mathrm{Z}}=\frac{x[(1-\pi) Q]}{P_{2 \mathrm{~A}}}  \tag{21}\\
& H_{2}=H_{1}+\left(P_{2 \mathrm{~A}}-\lambda\right) t_{2 \mathrm{Z}}  \tag{22}\\
& H=H_{2}+\pi Q \tag{23}
\end{align*}
$$



Fig. 4. The inventory level of the proposed study but with no machine failures (in blue lines) compared to a problem with only rework (in black thinner lines)


Fig. 5. The status of safety stock in case two


Fig. 6. The status of defective products in case two during $T_{\mathrm{Z}}$

$$
\begin{align*}
& t_{3 \mathrm{Z}}=\frac{H}{\lambda}  \tag{24}\\
& T_{\mathrm{Z}}=t_{1 \mathrm{Z}}+t_{2 \mathrm{Z}}+t_{3 \mathrm{Z}} \tag{25}
\end{align*}
$$

$T C\left(t_{1 z}\right)_{2}$, the total cost per cycle in case two comprises the following: both the fixed and variable in-house production and outsourcing costs, safety stock relevant cost, rework cost, and holding costs (comprising the reworked items, perfect and defective products) during $T_{\mathrm{Z}}$ (see Eq. (26)).

$$
\begin{align*}
T C\left(t_{1 \mathrm{Z}}\right)_{2} & =K_{A}+(1-\pi) Q C_{A}+K_{\pi}+\pi Q C_{\pi}()+\left(\lambda t_{r}\right) T_{Z} h_{3}+x(1-\pi) Q C_{R A} \\
& +\frac{P_{2 A} t_{2 Z}}{2}\left(t_{2 Z}\right) h_{1}+\left[\left(t_{1 Z}\right) \frac{H_{1}+d_{1 A} t_{1 Z}}{2}+\left(t_{2 Z}\right) \frac{H_{1}+H_{2}}{2}+\left(t_{3 Z}\right) \frac{H}{2}\right] h \tag{26}
\end{align*}
$$

Substituting Eqs. (1) to (8) in Eq. (26), we have $T C\left(t_{1 \mathrm{z}}\right)_{2}$ as follows:

$$
\begin{align*}
T C\left(t_{1 Z}\right)_{2} & =\left(1+\alpha_{2}\right) K+(1-\pi) Q\left(1+\alpha_{3}\right) C+\left(1+\beta_{1}\right) K+(\pi Q)\left(1+\beta_{2}\right) C \\
& +\left(\lambda t_{r}\right) T_{Z} h_{3}+x(1-\pi) Q\left(1+\alpha_{3}\right) C_{\mathrm{R}}+\frac{\left[\left(1+\alpha_{1}\right) P_{2}\right] t_{2 \mathrm{Z}}}{2}\left(t_{2 Z}\right) h_{1}  \tag{27}\\
& +\left[\left(t_{1 Z}\right) \frac{H_{1}+x\left(1+\alpha_{1}\right) P_{1} t_{1 \mathrm{Z}}}{2}+\left(t_{2 Z}\right) \frac{H_{1}+H_{2}}{2}+\left(t_{3 Z}\right) \frac{H}{2}\right] h
\end{align*}
$$

### 2.3. Integration of cases 1 and 2, and the optimization procedure

In this study, we assume the Poisson-distributed failure rate $\beta$; so, the time to failure adheres to an Exponentialdistributed rate with density function $f(t)=\beta e^{-\beta t}$ and cumulative density function $\mathrm{F}(t)=\left(1-e^{-\beta t}\right)$. By utilizing the renewal reward theorem and applying the expected values of $x$ for its random defectiveness, we have $E\left[T C U\left(t_{1 z}\right)\right]$ as follows:

$$
\begin{equation*}
E\left[T C U\left(t_{1 \mathrm{Z}}\right)\right]=\frac{\left\{\int_{0}^{t_{1 \mathrm{Z}}} E\left[T C\left(t_{1 \mathrm{Z}}\right)_{1}\right] \cdot f(t) d t+\int_{t_{\mathrm{I}}}^{\infty} E\left[T C\left(t_{1 \mathrm{Z}}\right)_{2}\right] \cdot f(t) d t\right\}}{E\left[\boldsymbol{T}_{\mathrm{Z}}\right]} \tag{28}
\end{equation*}
$$

where $E\left[\boldsymbol{T}_{\mathrm{z}}\right], E\left[T_{\mathrm{z}}^{\prime}\right]$, and $E\left[T_{\mathrm{z}}\right]$ stand for the following:

$$
\begin{align*}
& E\left[\boldsymbol{T}_{\mathrm{Z}}\right]=\int_{0}^{t_{1 \mathrm{Z}}} E\left[T^{\prime}{ }_{\mathrm{Z}}\right] f(t) d t+\int_{t_{1 \mathrm{Z}}}^{\infty} E\left[T_{\mathrm{Z}}\right] f(t) d t  \tag{29}\\
& E\left[T^{\prime}{ }_{\mathrm{Z}}\right]=\frac{Q+\lambda t_{r}}{\lambda}=\frac{t_{1 \mathrm{Z}} P_{1 \mathrm{~A}}\left[\frac{1}{(1-\pi)}\right]+\lambda t_{r}}{\lambda} \tag{30}
\end{align*}
$$

$$
\begin{equation*}
E\left[T_{\mathrm{Z}}\right]=\frac{Q}{\lambda}=\frac{t_{1 \mathrm{Z}} P_{1 \mathrm{~A}}\left[\frac{1}{(1-\pi)}\right]}{\lambda} \tag{31}
\end{equation*}
$$

We first apply the $E[x]$ to formulas (18) and (27), and then substitute Eqs. (18), (27), and (29) in Eq. (28), $E\left[T C U\left(t_{12}\right)\right]$ becomes as follows (see Appendix A for the detailed processes):

$$
E\left[\operatorname{TCU}\left(t_{1 Z}\right)\right]=\frac{\lambda}{\frac{\lambda g\left(1-e^{-\beta \beta_{1 z}}\right)}{t_{1 Z}\left(1+\alpha_{1}\right) P_{1}}+\frac{1}{(1-\pi)}}\left\{\begin{array}{l}
\frac{W_{1}}{t_{1 Z}}+W_{2}+\left(t_{1 Z}\right) W_{3}+\frac{G_{0}}{t_{1 Z}}\left(1-e^{-\beta_{1 z}}\right)  \tag{32}\\
-G_{1}\left(e^{-\beta_{1 z}}\right)+\frac{G_{2}}{t_{1 Z}}\left(1-e^{-\beta_{1 z}}\right)+G_{3}\left(1-e^{-\beta_{1 Z}}\right)
\end{array}\right\}
$$

Applying $E\left[T C U\left(t_{1 z}\right)\right]$ 's first-derivative and second-derivative, we gain formulas (A-5) and (A-6) (see Appendix A). Since, the 1 st term on the right-hand side (RHS) of formula (A-6) is positive, then, $E\left[T C U\left(t_{12}\right)\right]$ is convex if the second term on the RHS of formula (A-6) is also positive. Meaning that if $q\left(t_{1 Z}\right)>t_{1 Z}>0$ (i.e., Eq. (A-7) holds). Upon verifying Eq. (A-7) is true, we solve $t_{12} *$ by setting $E\left[T C U\left(t_{12}\right)\right]$ 's first-derivative $=0$ (see Eq. (A5)). Because the 1st term on the RHS of Eq. (A-5) is positive, so, we have the following:

Let $\delta_{2}, \delta_{1}$, and $\delta_{0}$ stand for the following:

$$
\begin{aligned}
& \delta_{2}=\left[W_{3}\left(v_{1}-\lambda g \beta e^{-\beta t_{1 z}}\right)+G_{1}\left(\beta v_{1} e^{-\beta t_{1 Z}}\right)+G_{3}\left(\beta e^{-\beta t_{1 Z}} v_{1}\right)\right] \\
& \delta_{1}=-W_{2} \lambda g \beta e^{-\beta t_{1 Z}}+2 \lambda g W_{3}\left(1-e^{-\beta t_{1 z}}\right)+\left(G_{0}+G_{2}\right) v_{1} \beta e^{-\beta t_{1 z}}+G_{1}\left(\beta \lambda e^{-\beta t_{1 z}} g\right) \\
& \delta_{0}=\left[\begin{array}{l}
-W_{1}\left(\lambda g \beta e^{-\beta t_{1 Z}}+v_{1}\right)+W_{2} \lambda g\left(1-e^{-\beta t_{1 Z}}\right)-\left(G_{0}+G_{2}\right) v_{1}\left(1-e^{-\beta t_{1 Z}}\right) \\
-G_{1} \lambda g\left(-e^{-2 \beta t_{1 Z}}+e^{-\beta t_{1 z}}\right)+G_{3} \lambda g\left(-2 e^{-\beta t_{1 Z}}+e^{-2 \beta t_{1 Z}}+1\right)
\end{array}\right]
\end{aligned}
$$

Eq. (33) becomes as follows:

$$
\begin{equation*}
\delta_{2}\left(t_{1 Z}\right)^{2}+\delta_{1}\left(t_{1 Z}\right)+\delta_{0}=0 \tag{34}
\end{equation*}
$$

Lastly, by applying the square roots solution to Eq. (34), we gain the following $t_{1 Z}$ *:

$$
\begin{equation*}
t_{1 z}^{*}=\frac{-\delta_{1} \pm \sqrt{\delta_{1}^{2}-4 \delta_{2} \delta_{0}}}{2 \delta_{2}} \tag{35}
\end{equation*}
$$

### 2.4. Searching algorithm for $t_{1 \mathrm{Z}}$ *

Since the cumulative density function $F\left(t_{1 z}\right)=\left(1-e^{-\beta t_{1 z}}\right)$ has the values within $[0,1]$, so does $e^{-\beta t_{1 z}}-$ its complement. Rearrange Eq. (33), the following $e^{-\beta t_{1 z}}$ is gained:

$$
e^{-\beta_{172}}=\frac{-\left[\begin{array}{l}
W_{3} v_{1} t_{12}{ }^{2}+2 \lambda g W_{3} t_{12}-W_{1}\left(v_{1}\right)+W_{2} \lambda g  \tag{36}\\
\left.+\lambda g\left(G_{1}+G_{3}\right)\left(e^{-2 \beta k_{17}}\right)-\left(G_{0}+G_{2}\right) v_{1}+G_{3} \lambda g\right]
\end{array}\right]}{\left\{\begin{array}{l}
{\left[-W_{1}(\lambda g \beta)-W_{2} \lambda g+\left(G_{0}+G_{2}\right) v_{1}\right]-\lambda g\left(G_{1}+2 G_{3}\right)} \\
+\left[-W_{2} \lambda g \beta-2 \lambda g W_{3}+\left(G_{0}+G_{2}\right) v_{1} \beta+G_{1}(\beta \lambda g)\right] t_{1 z} \\
+W_{3}\left[-\lambda g \beta+\left(G_{1}+G_{3}\right)\left(\beta v_{1}\right)\right] t_{1 z}^{2}
\end{array}\right\}}
$$

Lastly, we propose the following algorithm to find $t_{1 \mathrm{Z}}{ }^{*}$ :
(1) Let $e^{-\beta t_{1 Z}}=1$ and $e^{-\beta t_{1 Z}}=0$ for calculating Eq. (35) and gain the lower bound $t_{1 \mathrm{ZL}}$ and upper bound $t_{1 \mathrm{ZU}}$.
(2) Utilize the present values of $t_{1 \mathrm{ZL}}$ and $t_{1 \mathrm{ZU}}$ to re-calculate a set of updated $e^{-\beta t_{\mathrm{IZU}}}$ and $e^{-\beta t_{1 \mathrm{ZL}}}$.
(3) Apply $e^{-\beta t_{1 \mathrm{ZU}}}$ and $e^{-\beta t_{\mathrm{ZL}}}$ to Eq. (35) again to obtain an updated bounds $t_{1 \mathrm{ZU}}$ and $t_{1 \mathrm{ZL}}$.
(4) Verify if $t_{1 \mathrm{ZU}}=t_{1 \mathrm{ZL}}$ holds, if it does, then $t_{1 \mathrm{Z}} *$ is derived (i.e., $t_{\mathrm{IZU}}=t_{1 \mathrm{ZL}}=t_{1 \mathrm{Z}} *$ ); otherwise, repeat the abovementioned procedure (2), until ( $t_{1 \mathrm{ZU}}=t_{1 \mathrm{ZL}}$ ) is true.

## 3. Numerical example

This section offers an example with the following simulated parameters' values (see Table 1) to show our model and the result's applicability.

Table 1
Parameters' values of our example

| $\lambda$ | M | $K$ | $C$ | $P_{2}$ | $\beta_{2}$ | $C_{\mathrm{R}}$ | $\alpha_{1}$ | $C_{1}$ | $g$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 4000 | $\$ 2500$ | $\$ 200$ | $\$ 2$ | 5000 | 0.5 | $\$ 1$ | 0.5 | $\$ 2$ | 0.018 |
| $\beta$ | $P_{1}$ | $\beta_{1}$ | $\pi$ | $\alpha_{2}$ | $x$ | $h$ | $h_{1}$ | $h_{3}$ | $\alpha_{3}$ |
| 1 | 10000 | -0.70 | 0.4 | 0.1 | $20 \%$ | $\$ 0.4$ | $\$ 0.4$ | $\$ 0.4$ | 0.1 |

### 3.1. The $E\left[T C U\left(t_{I z}\right)\right]$ 's convexity and $t_{I Z}$ *

We first test for convexity of $E\left[T C U\left(t_{1 \mathrm{Z}}\right)\right]$ (i.e., to test $q\left(t_{1 \mathrm{Z}}\right)>t_{1 \mathrm{Z}}>0$ (see Appendix A: Eq. (A-7)). Since $e^{-\beta t_{1 Z}}$ has the values within $[0,1]$, by initially assuming $e^{-\beta t_{1 \mathrm{Z}}}=0$ and $e^{-\beta t_{1 \mathrm{Z}}}=1$, and applying (35) we obtain $t_{1 \mathrm{ZL}}=$ 0.0674 and $t_{1 \mathrm{ZU}}=0.3455$. Then, calculating and testing Eq. (A-7) with $e^{-\beta t_{\mathrm{ILL}}}$ and $e^{-\beta t_{\mathrm{IUV}}}$, we gain respectively that $q\left(t_{1 \mathrm{ZL}}\right)=0.1807>t_{1 \mathrm{ZL}}>0$ and $q\left(t_{1 \mathrm{ZU}}\right)=0.4815>t_{1 \mathrm{ZU}}>0$. Hence, for $\beta=1$, we ensure $E\left[T C U\left(t_{1 \mathrm{Z}}\right)\right]$ is convex and the existence of optimal $t_{1 \mathrm{Z}}{ }^{*}$. A more comprehensive choice of $\beta$ values are used to test for $E\left[T C U\left(t_{1 \mathrm{z}}\right)\right]$ 's convexity to demonstrate our model's general usages, and the outcomes are exhibited in Table 2.

Table 2
The testing outcomes for $E\left[T C U\left(t_{1 \mathrm{z}}\right)\right.$ 's convexity with various $\beta s$

| B | a(tari) | $t_{\text {IVII }}$ | a(tizu) | $t_{171}$ |
| :---: | :---: | :---: | :---: | :---: |
| 10 | 11668 | 03305 | 00039 | 00115 |
| 7 | 0.7051 | 0.3398 | 0.0336 | 0.0161 |
| 4 | 0.4910 | 0.3405 | 0.0569 | 0.0267 |
| 3 | 0.4572 | 0.3411 | 0.0738 | 0.0340 |
| 2 | 0.4451 | 0.3422 | 0.1048 | 0.0460 |
| 1 | 0.4815 | 0.3455 | 0.1807 | 0.0674 |
| 0.5 | 0.5822 | 0.3521 | 0.2985 | 0.0843 |
| 0.01 | 2.8767 | 0.7569 | 2.2194 | 0.1065 |

Applying the searching algorithm (presented in section 2.4) to gain $t_{1 \mathrm{Z}} *=0.1115$ and $E\left[T C U\left(t_{1 \mathrm{Z}} *\right)\right]=\$ 11,537$. Its iterative outcomes are depicted in Table 3.
Table 3
Iterative outcomes of the searching algorithm for $t_{1 \mathrm{Z}} *$

| Step | $t_{\mathrm{IZU}}$ | $e^{-\beta t_{1 \mathrm{ZU}}}$ | $E\left[T C U\left(t_{\mathrm{IZU}}\right)\right]$ | $t_{\mathrm{IZL}}$ | $e^{-\beta t_{1 \mathrm{ZL}}}$ | $E\left[T C U\left(t_{1 \mathrm{ZL}}\right)\right]$ | $t_{\mathrm{lZU}}-t_{\mathrm{IZL}}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| - | - | 0 | - | - | 1 | - | - |
| 1 | $\mathbf{0 . 3 4 5 5}$ | 0.7079 | $\$ 12109.19$ | $\mathbf{0 . 0 6 7 4}$ | 0.9348 | $\$ 11640.56$ | 0.2781 |
| 2 | 0.1733 | 0.8409 | $\$ 11616.44$ | 0.0958 | 0.9086 | $\$ 11546.28$ | 0.0775 |
| 3 | 0.1307 | 0.8774 | $\$ 11547.30$ | 0.1061 | 0.8993 | $\$ 11538.06$ | 0.0246 |
| 4 | 0.1178 | 0.8889 | $\$ 11538.30$ | 0.1097 | 0.8961 | $\$ 11537.20$ | 0.0081 |
| 5 | 0.1136 | 0.8926 | $\$ 11537.23$ | 0.1109 | 0.8950 | $\$ 11537.10$ | 0.0027 |
| 6 | 0.1122 | 0.8939 | $\$ 11537.11$ | 0.1113 | 0.8947 | $\$ 11537.09$ | 0.0009 |
| 7 | 0.1117 | 0.8943 | $\$ 11537.09$ | 0.1114 | 0.8946 | $\$ 11537.09$ | 0.0003 |
| 8 | 0.1116 | 0.8944 | $\$ 11537.09$ | 0.1115 | 0.8945 | $\$ 11537.09$ | 0.0001 |
| 9 | $\mathbf{0 . 1 1 1 5}$ | 0.8945 | $\mathbf{\$ 1 1 5 3 7 . 0 9}$ | $\mathbf{0 . 1 1 1 5}$ | 0.8945 | $\mathbf{\$ 1 1 5 3 7 . 0 9}$ | $\mathbf{0 . 0 0 0 0}$ |

Fig. 7 exhibits the collective effect of variations in runtime $t_{1 Z}$ and expedited rates factor $\alpha_{1}$ on $E\left[T C U\left(t_{1 Z}\right)\right]$. It discloses that $E\left[T C U\left(t_{1 z}\right)\right]$ upsurges as $\alpha_{1}$ increases, and as $t_{1 Z}$ deviates both ways from the optimal $t_{1 Z}{ }^{*}$ (i.e., $0.1115), E\left[T C U\left(t_{17}\right)\right]$ knowingly rises.


Fig. 7. The collective effect of variations in $t_{12}$ and $\alpha_{1}$ on $E\left[T C U\left(t_{1 \mathrm{z}}\right)\right]$


Fig. 8. The breakup of this example's $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$

The proposed model can also provide detailed cost contributors of $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$ as shown in Fig. 8. It reveals two critical cost contributors, i.e., the variable costs of outsourcing and in-house process, each evenly contributes $41.49 \%$ to $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$. The system's quality cost includes a $3.49 \%$ relating to random machine failures and a $2.08 \%$ regarding defective products' reworking.

### 3.2. The impact of random machine failures and rework

Investigative results of the influence of random failures on $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$ is displayed in Fig. 9. It shows $E\left[\operatorname{TCU}\left(t_{12}{ }^{*}\right)\right]$ decreases as $1 / \beta$ (i.e., mean-time-to-failure) rises. Notably, as $1 / \beta$ surges to and beyond 0.20 , $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$ drops severely. Further investigation exposes a $3.34 \%$ increase in $E\left[T C U\left(t_{1 \mathrm{Z}}{ }^{*}\right)\right]$ due to the random machine failures.


Fig. 9. The impact of changes in mean-time-tofailures on $E\left[\operatorname{TCU}\left(t_{1 \mathrm{Z}}{ }^{*}\right)\right]$


Fig. 10. The combined effect of $\left(C_{\text {RA }} / C\right)$ and $\pi$ on $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$

Fig. 10 depicts the combined impact of variations in the $\left(C_{\mathrm{RA}} / C\right)$ and outsourcing portion $\pi$ on $E\left[T C U\left(t_{1 Z} *\right)\right]$. It indicates that $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$ considerably surges as $\pi$ increases, and it goes up both $\left(C_{\mathrm{RA}} / C\right)$ rises.

Fig. 11 discloses the collective impact of changes in $\pi$ and $x$ on total rework cost. It indicates that total rework cost drastically upsurges as $x$ rises; but it drops as $\pi$ increases.


Fig. 11. The collective impact of changes in $\pi$ and $x$ on total rework cost


Fig. 12. The critical outsourcing portion $\pi$ on the make-or-buy decision

### 3.3. The impact of dual uptime-reduction strategies

This study proposes dual uptime/utilization reduction strategies, and the following exploration results demonstrate our model's capability. Fig. 12 exposes the critical outsourcing portion $\pi$ for making the make-orbuy decision. It shows as $\pi$ increases to and over 0.788 ; clearly, the buy decision is beneficial. Fig. 13 exhibits the impact of the ratio $\left(P_{1 \mathrm{~A}} / P_{1}\right)$ (i.e., the expedited-rate versus standard rate) on utilization. As the ratio ( $P_{1 \mathrm{~A}} /$ $P_{1}$ ) rises, utilization noticeably decreases. This example shows at ( $P_{1 \mathrm{~A}} / P_{1}$ ) $=1.5$ (as our example assumes), utilization drops a $33.25 \%$ to 0.1915 .


Fig. 13. The impact of $\left(P_{1 \mathrm{~A}} / P_{1}\right)$ on utilization


Fig. 14. The influences of variations in $\pi$ on utilization

Fig. 14 illustrates the influences of changes in $\pi$ on utilization. The machine utilization substantially decreases as $\pi$ rises. This example shows at $\pi=0.4$, utilization drops a $39.90 \%$ to 0.1915 . For this example, at $\alpha_{1}=0.5$ and $\pi=0.4$, we further investigate the collective influence of changes in $\alpha_{1}$ and $\pi$ on $E\left[T C U\left(t_{1 Z}{ }^{*}\right)\right]$. Fig. 15 discloses its analytical outcomes and reveals that starting with $\alpha_{1}=0.5$ and increasing $\pi$ is a more economical strategy to reduce utilization.


Fig. 15. The collective impact of differences in $\alpha_{1}$ and $\pi$ on $E\left[T C U\left(t_{1 \mathrm{Z}}{ }^{*}\right)\right]$


Fig. 16. The combined influence of $\alpha_{1}$ and $\pi$ on $E\left[T C U\left(t_{12}{ }^{*}\right)\right]$

Fig. 16 shows the combined influence of $\alpha_{1}$ and $\pi$ on $E\left[T C U\left(t_{12} z^{*}\right)\right]$. It reveals that $E\left[T C U\left(t_{12} z^{*}\right)\right]$ considerably increases as both $\alpha_{1}$ and $\pi$ surge. It also discloses $\pi$ has more influence on $E\left[T C U\left(t_{1 Z}{ }^{*}\right)\right]$ 's upsurge than that of $\alpha_{1}$. Fig. 17 compares the utilization of this study with that of existing works. It exposes that due to implementing dual uptime-reduction strategies, our utilization significantly declines a $33.3 \%, 39.9 \%$, and $59.9 \%$ compared to the existing works, by paying the prices of a $3.89 \%, 9.17 \%$, and $16.66 \%$ rise in $E\left[T C U\left(t_{12}{ }^{*}\right)\right]$, respectively. Specifically, $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$ increases to $\$ 11,537$ from $\$ 11,105, \$ 10,568$, and $\$ 9,890$, respectively.


Fig. 17. Utilization comparison


Fig. 18. The collective impact of $\alpha_{1}$ and $\pi$ on $t_{1 Z}{ }^{*}$

Fig. 18 shows the collective impact of $\alpha_{1}$ and $\pi$ on $t_{1 Z^{*}}$. It discloses that $t_{1 Z^{*}}$ noticeably decreases as both $\alpha_{1}$ and $\pi$ surge. It also reveals that $\pi$ has more impact on runtime's drop than that of $\alpha_{1}$.


Fig. 19. Managerial insights regarding an effective/economic utilization-reduction strategy

## 4. Conclusions

The growing trend of rapid-response orders and inevitable production defects and failures have urged today's production managers to carefully evaluate these factors' effect on the production system's overall operating expenditures and potential operational disruptions. Inspired by helping them find the optimal runtime decision under these situations, this work develops a model (see subsection 2.1) featuring a partial outsourcing and
expedited rate, rework of defects, and repairing failure machines to explore their collective effect on the problem's overall operating expenses. By using the techniques of model building and formulations, differential equations, and algorithms, we can thoroughly analyze the studied system, gain and minimize its overall expenses, and decide the optimal manufacturing runtime (refer to subsections 2.2 to 2.4). Lastly, we utilize numerical demonstrations to show the study's applicability and expose the following important, in-depth characteristics that facilitate managerial decision-making (see section 3):
(1) Confirmation of the study's applicability (see Table 2 ) and the convexity of $E\left[T C U\left(t_{1 \mathrm{z}}\right)\right]$ and its detailed contributors (refer to Table 3, and Figures 7 to 8);
(2) The impact and collective effect of stochastic failures, outsourcing factor, and rework of defects on $E\left[T C U\left(t_{1 Z^{*}}\right)\right]$ and total rework expenses (see Figures 9 to 11 );
(3) The influence and combined influence of outsourcing and expedited rate factors on system utilization and $E\left[T C U\left(t_{1 \mathrm{Z}}{ }^{*}\right)\right]$ (see Figures 12 to 16 );
(4) Comparing our utilization with existing studies and the collective impact of $\alpha_{1}$ and $\pi$ on $t_{12}{ }^{*}$ (refer to Figures

17 to 18 );
(5) Managerial insights regarding an effective/economic utilization-reduction strategy (see Figure 19). Examining the effect of random demand on the problem is a worthwhile research subject for the future.

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## Appendix - A

The detailed derivations of $E\left[T C U\left(t_{1 Z}\right)\right]$ (i.e., Eq. (32)) and the proof of its convexity are exhibited as follows. We first apply the $E[x]$ to formulas (18) and (27), and then substitute formulas (18), (27), and (29) in formula (28), $E\left[T C U\left(t_{1 z}\right)\right]$ becomes as follows:

$$
\begin{align*}
& E\left[T C U\left(t_{1 \mathrm{Z}}\right)\right]=\frac{\left\{\int_{0}^{t_{\mathrm{I}} \mathrm{Z}} E\left[T C\left(t_{1 \mathrm{Z}}\right)_{1}\right] \cdot f(t) d t+\int_{t_{\mathrm{I}}}^{\infty} E\left[T C\left(t_{\mathrm{IZ}}\right)_{2}\right] \cdot f(t) d t\right\}}{E\left[\boldsymbol{T}_{\mathrm{Z}}\right]} \\
& {\left[\frac{\left(1+\beta_{1}\right) K}{t_{1 Z}\left(1+\alpha_{1}\right) P_{1}}+\frac{\left(1+\alpha_{2}\right) K}{t_{1 Z}\left(1+\alpha_{1}\right) P_{1}}\right.} \\
& +\left[\left(1+\beta_{2}\right) C\left(\frac{\pi}{1-\pi}\right)+\left(1+\alpha_{3}\right) C+\left(1+\alpha_{3}\right) C_{R} E[x]\right] \\
& =\left[\begin{array}{l}
\left.\frac{\lambda}{\frac{\lambda g\left(1-e^{-\beta_{1 z}}\right)}{\left(t_{1 Z}\right)\left(1+\alpha_{1}\right) P_{1}}+\frac{1}{(1-\pi)}}\right]+\left(t_{1 Z}\right)\left\{\begin{array}{l}
\frac{E[x]^{2}\left(1+\alpha_{1}\right) P_{1}}{2\left(1+\alpha_{1}\right) P_{2}}\left(h_{1}-h\right) \\
+\frac{h}{2 \lambda} \frac{\left(1+\alpha_{1}\right) P_{1}}{(1-\pi)^{2}}\left\{\frac{\lambda E[x](1-\pi)(-2 \pi)}{\left(1+\alpha_{1}\right) P_{2}}-\frac{\lambda(1-\pi)(1+\pi)}{\left(1+\alpha_{1}\right) P_{1}}+1\right.
\end{array}\right\}
\end{array}\right\}  \tag{A-1}\\
& \begin{array}{l}
+\left[M+C_{1} \lambda g+C_{T} \lambda g+h_{3}\left(\frac{\lambda g^{2}}{2}\right)\right]\left(\frac{1-e^{-\beta t_{1 Z}}}{t_{1 Z}\left(1+\alpha_{1}\right) P_{1}}\right)+\frac{h_{3} g}{1-\pi}\left(1-e^{-\beta t_{1 Z}}\right) \\
+\frac{\left[h g\left(\left(1+\alpha_{1}\right) P_{1}-\lambda\right)+h_{3} \lambda g\right]}{t_{1 Z}\left(1+\alpha_{1}\right) P_{1}}\left(-t_{1 Z} e^{-\beta_{1 Z}}-\frac{1}{\beta} e^{-\beta t_{1 Z}}+\frac{1}{\beta}\right)
\end{array}
\end{align*}
$$

Let $W_{1}, W_{2}, W_{3}, G_{0}, G_{1}, G_{2}$, and $G_{3}$ be the following:

$$
\begin{align*}
& W_{1}=\frac{\left(1+\beta_{1}\right) K}{\left(1+\alpha_{1}\right) P_{1}}+\frac{\left(1+\alpha_{2}\right) K}{\left(1+\alpha_{1}\right) P_{1}} \\
& W_{2}=\left[\left(1+\beta_{2}\right) C\left(\frac{\pi}{1-\pi}\right)+\left(1+\alpha_{3}\right) C+\left(1+\alpha_{3}\right) C_{R} E[x]\right]  \tag{A-2}\\
& W_{3}=\frac{E[x]^{2}\left(1+\alpha_{1}\right) P_{1}\left(h_{1}-h\right)}{2\left(1+\alpha_{1}\right) P_{2}}+\frac{h}{2 \lambda} \frac{\left(1+\alpha_{1}\right) P_{1}}{(1-\pi)^{2}}\left\{\frac{\lambda E[x](1-\pi)(-2 \pi)}{\left(1+\alpha_{1}\right) P_{2}}-\frac{\lambda(1-\pi)(1+\pi)}{\left(1+\alpha_{1}\right) P_{1}}+1\right\} \\
& G_{0}=\frac{M+C_{1} \lambda g+C_{T} \lambda g+h_{3}\left(\frac{\lambda g^{2}}{2}\right)}{\left(1+\alpha_{1}\right) P_{1}} ; \quad G_{1}=\frac{\left[h g\left(\left(1+\alpha_{1}\right) P_{1}-\lambda\right)+h_{3} \lambda g\right]}{\left(1+\alpha_{1}\right) P_{1}}  \tag{A-3}\\
& G_{2}=\frac{\left[h g\left(\left(1+\alpha_{1}\right) P_{1}-\lambda\right)+h_{3} \lambda g\right]}{\left(1+\alpha_{1}\right) P_{1} \beta} ; \quad G_{3}=\frac{h_{3} g}{1-\pi} .
\end{align*}
$$

Then, we can rearrange $E\left[T C U\left(t_{1 \mathrm{z}}\right)\right]$ as follows:

$$
E\left[\operatorname{TCU}\left(t_{1 Z}\right)\right]=\frac{\lambda}{\frac{1}{(1-\pi)}+\frac{\lambda g\left(1-e^{-\beta t_{1 Z}}\right)}{t_{1 Z}\left(1+\alpha_{1}\right) P_{1}}} \cdot\left\{\begin{array}{l}
\frac{W_{1}}{t_{1 Z}}+W_{2}+\left(t_{1 Z}\right) W_{3}+\frac{G_{0}}{t_{1 Z}}\left(1-e^{-\beta t_{1 Z}}\right)-G_{1}\left(e^{-\beta t_{1 Z}}\right)  \tag{32}\\
+\frac{G_{2}}{t_{1 Z}}\left(1-e^{-\beta t_{1 Z}}\right)+G_{3}\left(1-e^{-\beta t_{1 Z}}\right)
\end{array}\right\}
$$

Let $v_{1}$ be the following:

$$
\begin{equation*}
\frac{\left(1+\alpha_{1}\right) P_{1}}{(1-\pi)} \tag{A-4}
\end{equation*}
$$

Applying $E\left[T C U\left(t_{1 \mathrm{z}}\right)\right]$ 's the first--derivative and second-derivative, we gain formulas (A-5) and (A-6) below:

As the 1 st term on the RHS of formula (A-6) is positive, if the second term of RHS of Eq. (A-6) is also positive, then, $E\left[T C U\left(t_{1 \mathrm{Z}}\right)\right]$ is convex. Meaning that if the following $q\left(t_{1 \mathrm{Z}}\right)>t_{1 \mathrm{Z}}>0$ holds.
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