

Strategic Planning

Company

Kruger

Coordinator

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Team common language

English

References

1. Martell, D. L., Gunn, E. A., Weintraub, A. (1998), Forest Management Challenges for Operational Researchers, *European Journal of Operational Research* **104** 1-17.
2. Epstein, R., Morales, R., Seron, R., Weintraub, A. (1999), OR Models in the Chilean Forest Industry, *Interfaces* **29** 7-26.
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Abstract

The company seeks to develop a strategic plan over a 5 or 10 year horizon. It will consider several viable options that will have an impact on the supply and demand of products. In most cases, the company will attempt to increase the business volume in a chosen category and geographic area. Developing an optimal supply network is challenging and will include the assessment of the following options (among others): buying a plant, building a new one, expanding an existing facility, closing a facility, using external suppliers, and pre-building inventory. Each scenario has its costs and benefits. The company objective is to maximize profit over the forecast horizon. There are constraints on the total capital investment and the production capacity (by product family). One must take into account the fixed and variable costs of the production facilities and the working capital, the variable demand (by area and product) and the variable transportation costs.