

Need Versus Demand

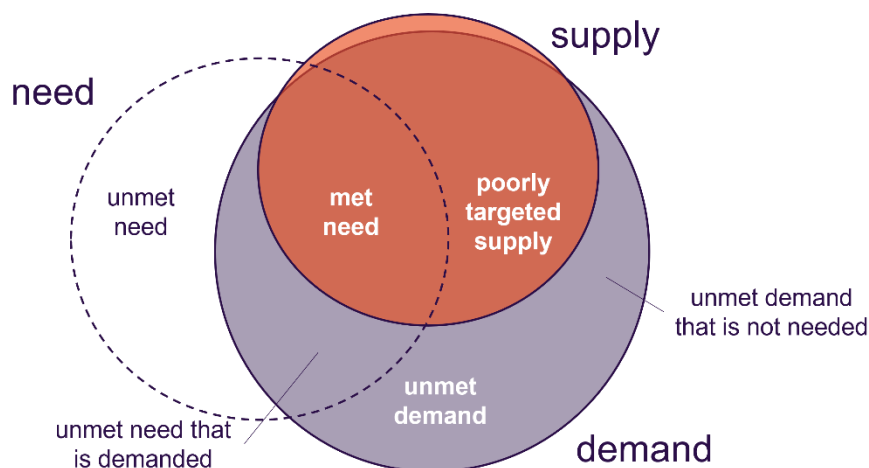
Many publicly funded organisations are judged on how they deliver core public goods and services. Many were created to deliver specific public goods or services, like welfare payments or schooling, in response to community demand. As success has increasingly been redefined in terms of outcomes, such as employment or literacy rates, some organisations and people struggle to look beyond customers' demand to find, and address, society's needs.

The systems, processes, and cultures of most publicly funded organisations were established—organically or by design—in environments driven by two primary factors: demand and supply. Political priorities, public expectations, and often strong constituencies built up around the interests of the public in the goods and services they demanded, and of workers in the labour they provided. These interests are easy to identify and define, partly because they have vocal advocates.

Over time, community expectations have shifted to addressing wicked problems closer to the source, rather than merely supplying goods and services. Organisations trying to make this shift often struggle to identify underlying need and then make a case for meeting it through prevention and early intervention.

Demand is an imperfect proxy for need and often distorts perceptions of what constitutes public value. Making decisions based on what people say they want can lead to scarce resources being invested poorly in over-servicing the loudest stakeholders, rather than supporting those with the greatest need.

Underlying need is often hard to detect, tending to reinforce silos organised around supply-side preferences or demand-driven programs that can reinforce disadvantage. Even when workers can perceive underlying need, they are often frustrated by constraints that limit their ability to reorient functions and investment decisions in response. Decision makers also struggle to justify reallocating resources from assertive demands to underlying needs.



Shifting from demand to need means fundamentally re-examining how, and for what, publicly funded goods and services are provided. Supply-driven silos that make sense for the goal of efficiently delivering a defined service can look ridiculously unfit for solving more complex problems. For example, an intervention to increase employment for men may reduce domestic and family violence, which in turn improves education outcomes for children, across many delivery silos.

Understanding and addressing the drivers of need requires a more nuanced approach to service design and evaluation. Shifting funding requires making decisions based on how much people will benefit from addressing need over the medium to long term, rather than how many people demand something right now.

It is not easy to shift long-established structures and ways of thinking, and it is not easy to convince the public that what they need is not the same as what they want. Shifting emphasis from mapping customer demand to understanding public need takes considerable effort and courage from both publicly funded organisations and politicians. It requires more investment in research, experimentation, and collaboration to understand where the need is greatest and what interventions will be most effective, and less relentless focus on maximising efficiency.

Publicly funded organisations need to move beyond the misconception that their function is to deliver the public goods and services demanded by customers, so they can address the fundamental needs of society.