Asymmetric Demand and the 21st Century Challenge to Leadership

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Philip uses the concept of 'asymmetric demand' - demand that is specific to the client's context-of-use - when working with clients. Here, Philip examines what role asymmetric demand might play in the re-shaping of leadership in the 21st Century…

Alberts and Hayes (2003) provide an excellent critique of the 20th century industrial organisation and outline the main characteristics of the 21st century organisation in their book on the revolution taking place in military affairs. The 20th century organisation was concerned with creating the greatest efficiency and effectiveness in the provision of products and services to the largest possible numbers of customers, whether from within a private or a public enterprise. The very success of this efficiency and effectiveness is rendering the achievement of this outcome no longer adequate in the 21st century. Customers want more than efficiency and effectiveness, and so too do citizens (Bobbitt, 2002). The axis along which demand used to run was one of comparison over time: bigger, better and more

convenient that we used to have, greater value for money. In comparison to our parents, we could see progress in terms of having more cars, houses, holidays, clothes, food, medicines, etc. Now we begin to see another axis emerging that focuses on the differences between ourselves, as each of us struggles with the particular challenges of our lives (Beck, 1992). As customers, we still want more, but only if it is also different: customised, personalised, particularised, and timely.   We want an experience that is unique and distinctive to ourselves within the context of our own particular lives (Prahalad & Ramaswamy, 2003). This applies not just to public services such as healthcare, social services and education, but also to private ones, where the ubiquitous

call centre reminds us of just how far services fall short of our expectations (Zuboff & Maxmin, 2002).

The assumption made by the 20th century organisation was that there should be symmetry between what the customer wanted and what the organisation was supplying. The assumption with symmetric demand was that demand could be defined by what the organisation offered independently of the particular customer's context. The drive for difference in the 21st century makes this approach no longer adequate, and *asymmetry* has to be assumed. Asymmetric demand is demand that is specific to the client's particular context and circumstances. We see examples of asymmetric demand wherever there is a demand for services that is particular to a customer's situation and circumstances.

Alberts and Hayes argue that asymmetric forms of demand are creating a transformational challenge for our time in which power must be taken to the edge of an organisation. The 'edge' is where the customer's demand meets the organisation, and taking *power to the edge* of an organisation means giving the people closest to the customer the power to organise the services around the demands of the customer, instead of expecting the customer to organise themselves around the services of the organisation. Taking power

to the edge necessarily goes with the idea of asymmetric demand, because it is only at the edge that choices can be made about how to respond to the particular form the customer's demand takes – to the asymmetric nature of the demand. This in turn requires that the organisation's infrastructures be 'agile' in order that they can respond to the variety of demands at the edge (Atkinson and Moffat 2005).

20th Century approaches to organisation assumed that power had to be held at the centre, even if put there through a democratic process. Hierarchy was then designed to deconflict the component activities of the organisation and provide the means of maintaining the integrity of the whole in relation to its constituent parts. Within this context, leadership was a matter of creating the conditions in which delegation could work effectively, and the power at the centre could act in the interests of the whole.

The emergent importance of asymmetric forms of demand, with their corresponding requirement to take power to the edge, is a 21st Century phenomenon which creates new challenges that require leadership to be 'distributed' (Huffington et al, 2004). This raises a new set of questions: what can be allowed to happen at the edges, how do the organisation's infrastructures acquire sufficient agility to support the variety of forms of demand being generated at the edge;

and how are the necessary degrees of collaboration and synchronisation of component activities to be secured across the organisation?

This is a challenge facing all forms of enterprise in which the original formula for how the organisation works as a whole is no longer capturing the demand of the client. For example, a research institute found that the forms of research on which it had made its name were no

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longer effective in the new multi-disciplinary, cross-institutional environments; the research institute had not only to engage with new kinds of client, but also to challenge its own assumptions about what constituted effective research. A computing services company formed from a number of semi-autonomous businesses found that clients' problems no longer corresponded to the forms of specialism offered by each of its businesses; the company, which had previously defined

itself in terms of its effectiveness at making computing systems work, now had to question the ways in which it understood its clients' needs for computing systems in the first place. In each case a *double challenge* had to be confronted (Boxer 2004). It was not sufficient to establish new ways of addressing demand; it was also necessary to question the existing terms within which demand itself was understood at the centre.

Alberts and Hayes were writing about the challenge asymmetric *threats* pose to the 20th Century military organisation. Placing the emphasis on threats implies that the existing enterprises experience asymmetric demand as a threat to their current ways of doing business. And this is right. Spend any time amongst professionals working within the public sector, or on the wrong end of a customer relationship management system, and it is very clear that current large-scale organisation is working hard to exclude and/or limit the ways in which they are prepared to respond to asymmetric forms of demand. Symmetry still rules.

Power held at the centre is associated with leadership that can maintain the cohesion of the organisation as a whole and keep its members motivated to carry out their expected roles. But power taken to the edge requires a different relationship to role in which the authority of a role arises

primarily through its relation to demand, rather than by virtue of position in a hierarchy (Boxer & Eigen, 2004). How is the person in the edge role to hold their role in this way? In his book on creating public value, Mark Moore (1995) argued that we have to bring together three forms of judgement: of what can be valuable and effective in relation to demand, of what is politically acceptable to the centre, and of what is operationally feasible. Holding an edge role in this way is a challenge to our understanding of leadership.

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Philip Boxer has his own website, 'Boxer Research Limited', which provides support services and tool-sets to Boxer and Company, and publishes its research outputs. Boxer and Company consults to knowledge-based organisations, and itself specialises in supporting change processes in its client organisations.

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