Staying ahead of the threat

Capabilities-driven strategy for law enforcement

Preface

Purpose Series

In the public sector, the positive impact we have on the lives of citizens gives us *purpose*. In the face of new challenges, there is a pressing need for public sector organisations to refocus on what they do and how they do it to maximise this impact. The most successful public sector organisations ensure they have the right strategy, are invested in the right capabilities, are sustainably funded, and have means to deliver on their purpose. Strategy& has created the Purpose Series to help public sector organisations realise their potential.

Purpose Series Themes

- Executable Strategy
- Capability Development
- Funding Models
- Roadmap Development
- Cost Reduction
- Operating Model Transformation
- Culture-Led Transformation
- *Industry perspectives*

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The law enforcement environment is complex and rapidly evolving

Agencies are facing capacity and capability shortfalls as a result of expanding mandates and compressed budgets. There is a need to respond to emerging and shifting threats, including cybercrime, terrorism, and foreign interference. Community expectations and scrutiny are also higher than ever.

In the face of this challenging situation, law enforcement agencies must clearly and objectively understand how well their existing capabilities address the threat landscape. They need to identify how new ways of working could better achieve their purpose, and they need to clearly articulate the trade-offs faced by government when determining investment in a financially constrained environment.

To do this, agencies need to define a capabilities-driven strategy that aligns three critical elements – **strategy, capability and funding** – to provide a sustainable framework that can adapt to changes in both the internal and external environment. If a capabilities-driven strategy is not adopted, the best case is that siloed ways of working around crime-types will persist, operational prioritisation will be challenged, and capability development will be ad hoc. Worst case law enforcement won't keep up with the threat, and ultimately greater harm will be felt in communities.

The development of clear strategic priorities and direction for capabilities allows more efficient development and deployment of resources and engagement with partners both domestically and overseas. By implementing a capabilities-driven strategy, law enforcement agencies can improve their ability to respond with agility to the complexity and uncertainty of the modern operational environment.

Modern law enforcement agencies must respond to an increasingly complex array of traditional and non-traditional threats

The challenge of a changing threat environment is compounded by shifting government mandates and heightened public expectations.

The changing nature of modern threats

Over the past decade, the nature of crime and threats facing law enforcement bodies has changed dramatically. Modern crime rarely fits a single definition, but rather blurs traditional lines between activities which are legitimate and illicit, domestic and international, and individual and networked. For example, the rising number of transnational organised crime groups exploit the ease by which people, goods and services can cross international boundaries. These organisations have multiple legitimate, 'grey market', and/or 'black market' operations that can be used to support further criminal activity.

FIGURE 1:
MODERN THREATS FACING LAW ENFORCEMENT AGENCIES
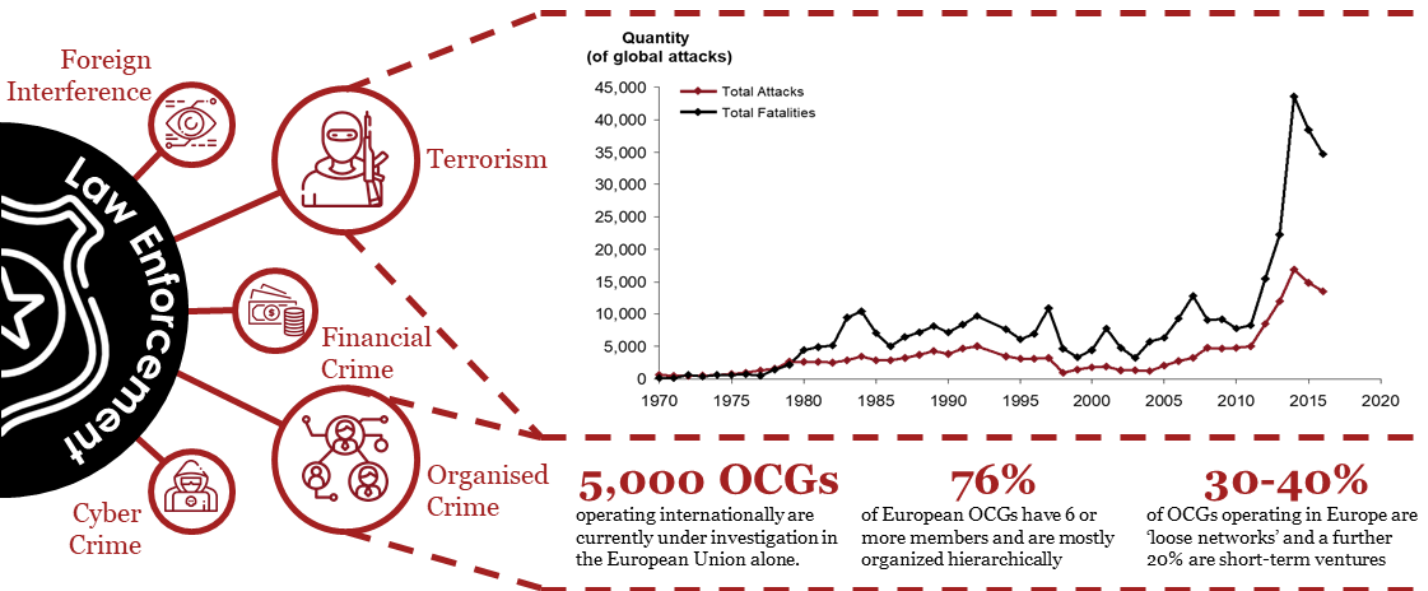
Source: Europol 2017 Serious and Organised Crime Threat Assessment: Crime in the age of technology.

These issues are made more complex by the potential for connection between organised crime and terrorist organisations. Terrorist groups can use criminal groups for ease of accessing precursor chemicals, firearms or weapons for an attack, for developing extremist messaging, or for funding recruitment activities. The threat posed by these groups is significant and highlighted by the sharp upwards trend in terrorist attacks and fatalities over the past 10 years (see Figure 1). Whilst terrorism and organised crime remain the priority focus of national law enforcement, agencies globally have also been challenged by a rapidly
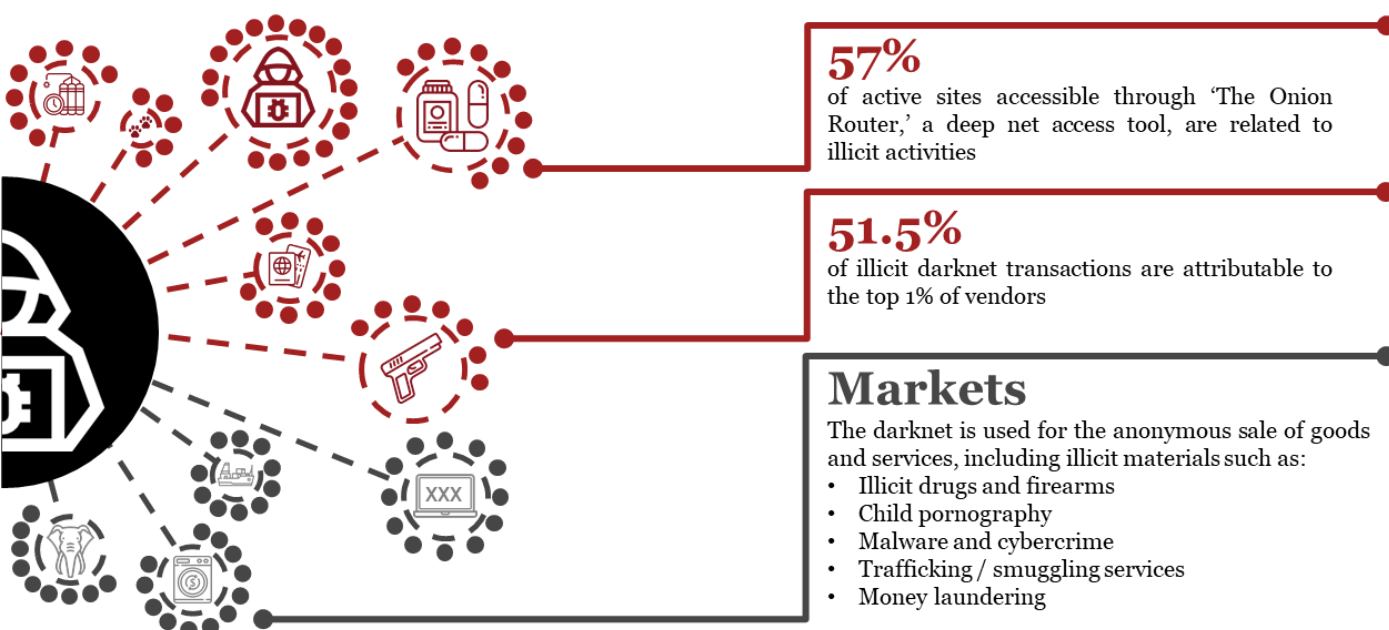
expanding mandate, which has seen police increasingly involved in foreign interference, cybercrime, and international capability building activities. New partnerships and responses are required by law enforcement agencies globally to meet the demands of a fast moving and shifting threat environment.

The changing nature of the tactical environment

The interconnected nature of the modern world has had a myriad of positive effects on global trade and economics, with technology enabling rapid and secure communications, transportation of goods, and provision of services across borders. These positive effects are accompanied by inherent risk of abuse by criminal networks and individuals. Terrorist groups, organised criminal networks, and child pornography distributers and users are increasingly using the darknet, Telegram, WhatsApp and other messaging services that provide very simple access to encrypted communication. Similarly, when criminal devices are seized they are often impossible to access. This can leave critical gaps in intelligence and evidence.

Moreover, such technologies enable the seamless operation of organised crime networks across international borders, with groups often setting-up in countries where they can exploit legislative loopholes and evade detection by law enforcement authorities. Crypto-currencies are increasingly being used by criminal groups and individuals to pay for their illegal activities, making financial detection, regulation and tracing of these illicit markets more difficult – and also inhibiting agencies' ability to recover the proceeds of crime.

FIGURE 2
THE DARKNET - CHALLENGES FOR LAW ENFORCEMENT

57%
of active sites accessible through 'The Onion Router,' a deep net access tool, are related to illicit activities

51.5%
of illicit darknet transactions are attributable to the top 1% of vendors

Markets
The darknet is used for the anonymous sale of goods and services, including illicit materials such as:
- Illicit drugs and firearms
- Child pornography
- Malware and cybercrime
- Trafficking / smuggling services
- Money laundering

Source: IBID Europol 2017

Heightened accountability and community expectations

As the law enforcement mandate has increased so too have the expectations of the public. Faster and more speculative news media and social media stories, often driven by the opportunistic filming of police responses, has also increased the level of scrutiny of agencies. While this increased engagement can support positive public perceptions, it can also cause significant damage to the reputation of police. The need to balance accountability and positive community engagement will continue to be essential to police globally, as public expectations of government service delivery increase.

COMMUNICATION BREAKDOWN

A challenging mix of factors exists for many agencies: increased mandate, increased volume and complexity of threats, and capability gaps

This can be explained by ongoing funding uncertainty, ineffective strategic planning, and a communication breakdown between law enforcement and government.

Law enforcement funding is stagnate and often ineffective

Funding uncertainty remains a major concern of police forces around the world and continues to limit their ability to effectively plan and strategically invest in core capabilities. Over the past decade in Australia, Canada, NZ, UK and US, central government funding appropriations for law enforcement have generally remained stagnant or declined. This is despite the increasing volumes, seriousness and complexity of the threat environment.

FIGURE 3

BASE GOVERNMENT FUNDING PROFILES OF 5-EYES POLICING ORGANISATIONS
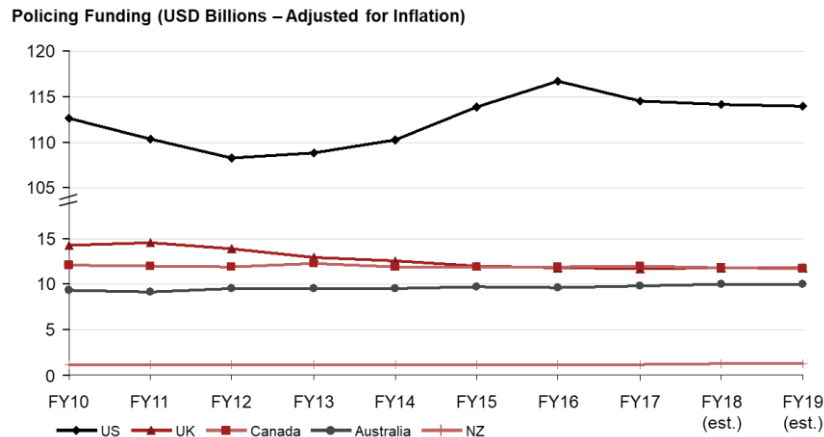
Agencies Represented: United States (DoJ Federal Law Enforcement, State, and Municipal police forces), United Kingdom (43 territory police forces, Police Transformation Fund, Counter Terrorism Funding), Canada (Federal, provincial, and municipal police services), Australia (Federal and State police forces), New Zealand (New Zealand Police Force).

Source: United States (United States Census Bureau, DoJ Budget Requests), United Kingdom (National Audit Office Report: Financial Sustainability of Police Forces in England and Wales 2018), Canada (Statistics Canada, Canadian Centre for Justice Statistics, Police Administration Survey), Australia (AFP Annual Reports, state police force annual reports), New Zealand (Police Appropriations), inflation index from IMF World Economic Outlook October 2018, exchange rates calculated.

Moreover funding needs of agencies don't always align to the political agenda or election cycles. The need for political announceables often leads to funding allocation by 'taskforce' or 'broad threat type' rather than by capabilities. Ineffective allocation and funding uncertainty limits the ability of law enforcement agencies to uplift core capability and inhibits effective resource planning and specialist recruitment needs. This heightens the risk of attacks and crime to the government and public.

Determining bang for buck

As governments continue to expand the mandate of law enforcement agencies while tightening budgets, our experience with these agencies has shown their struggle with where to allocate this diminishing funding to best meet their purpose – to get the best bang for buck. As a result, for some agencies, funding declines have had a real impact on their operational capacity and hindered their ability to meet the demands of new and emerging threats, such as radicalisation in prison or expansion of black market trading on the darknet. Others who have invested heavily in digital capabilities over the past few years, have neglected core capabilities such as human intelligence and investigative analysis (now more important than ever as encryption makes the deployment of digital capabilities increasingly difficult).

It is not unusual to find weak strategic functions in law enforcement agencies – a common cultural trait being 'great in an emergency and the operational here and now, but leaving no time for strategy'. But this limited strategic planning and prioritisation hinders capability investment and ultimately operational responses.

> " … great in an emergency and the operational here and now, but leaving no time for strategy."

Communicating coverage of threat, risk and harm

Our experience with clients shows there is often a disconnect between government priorities and local delivery of operational objectives.

One of the major challenges law enforcement agencies face is not being able to articulate how their capability investments mitigate or reduce the impact of known risks and emerging threats to the public, in a way that politicians understand and accept.

A direct correlation can be drawn between the sophistication of operational capabilities and the coverage these capabilities allow agencies to have over 'the risk' (be it discovery of new leads, known persons of interest, or managing closed cases). There is often no causal link between investment and outcomes (though the consequences when it goes wrong are very obvious and catastrophic).

The full suite of law enforcement capabilities must be understood and assessed in this way. In recent years we have too often seen politicians and agencies fall back to a "boots on the ground" position rather than agreeing to invest in, for example, back office intelligence or more sophisticated operational technology.

This has limited the ability for many to reform, change their way of working, and become more effective and efficient in the long run. Reform costs money before efficiencies can be realised.

A new approach is needed which is capable of responding rapidly to changing circumstances, and enabling effective investment and transfer of resources to areas where they are needed most. The trick is knowing how to effectively link what agencies want and need (e.g. capability investment) to their purpose, and to the value this investment provides in addressing threats, risk and harm.

Staying ahead of the threat requires agencies to break the cycle of ineffective capability investment and misaligned operational outcomes – to develop a strategy that works

Reactive operational responses and ad hoc capability investment is stopping agencies from keeping up with the demands of the public, the government, and most importantly global criminal networks.

Law enforcement agencies can improve their responsiveness to emerging threats by developing a capabilities-driven strategy that aligns strategic priorities with capability investment and a sustainable funding model.

FIGURE 4
CAPABILITIES-DRIVEN STRATEGY IN THE PUBLIC SECTOR CONTEXT
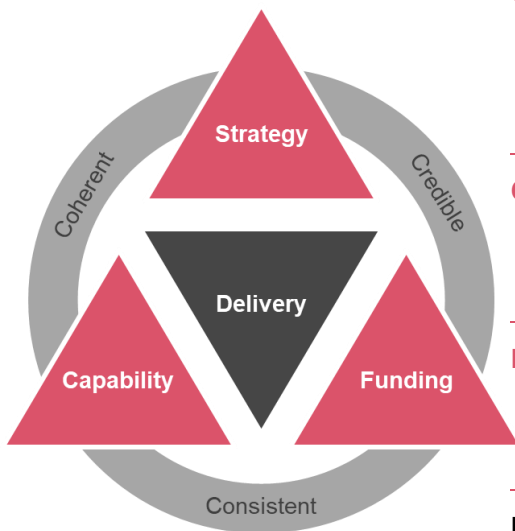
Strategy Build a strategy driven by a clear set of strategic priorities that link to government direction and operational outcomes. This will guide effective capability investment, operational prioritisation, and tasking and coordination.

Capability Identify an enduring capability set, and then select the critical few capabilities and any gaps for investment. This will ensure investment is directed to areas expected to have heightened operational outcomes.

Funding Implement a sustainable funding model that improves the way that money is allocated and outcomes are tracked, to maximise value to the public purse and ensure consistent funding for priority initiatives.

Delivery Deliver on purpose by actioning the trade-offs and priorities articulated in the strategy; cutting back in some areas and reinvesting in essential capabilities; reorganising structures, processes and systems; and driving culture and behaviours to enable change.

Source: Strategy& Capabilities-Driven Strategy Framework

The alignment of these elements in Figure 4 will lead to a law enforcement agency that is **coherent** in how it achieves its purpose and in its alignment with government priorities; **consistent** in how it prioritises investment and allocates resources over time, and **credible** with a track record of delivering outcomes to government and the public.

Strategy and Delivering on Purpose

Any good strategy has delivery at its core. Strategy and Delivery must be viewed as two sides of the same coin – otherwise strategies will become mere glossy shelfware, and delivery activities will end in (often expensive) places that have to be walked back from. The *Delivering on Purpose* framework is designed to assist law enforcement agencies to make deliberate choices from the front line to the back office. Five elements form a robust and executable strategy, driven by strategic priorities and mandate:

1. **Set strategic priorities and mandate:** clear articulation of the priorities that really matter to achieving the agency's mandate and to delivering target outcomes

2. **Transform cost structure:** develop a clear cross-organisational cost agenda, making deliberate choices – where to invest and where to cut back

3. **Build essential capabilities:** invest in critical and sustainable capabilities funded by improvements in the cost structure

4. **Reorganise for priorities & capabilities:** implement an organisational model, processes and systems that unlock potential and enable agility

5. **Enable change and cultural evolution:** create an environment and culture that embeds change in the organisation DNA and enables a sustainable future

**FIGURE 5**
DELIVERING ON PURPOSE FRAMEWORK
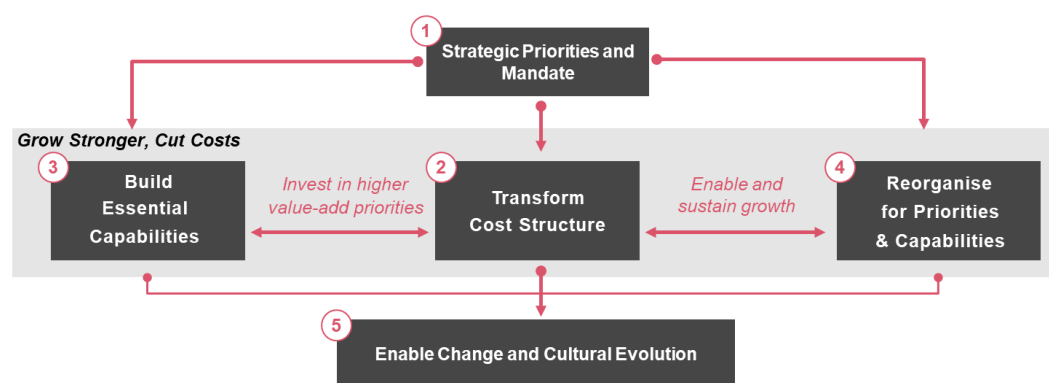
Source: Strategy& Delivering on Purpose Framework

Unlike many other organisations and departments, law enforcement agencies must contend with a complex array of threats, risk and harm, as well as the demands of the public and government. The threat, risk and harm landscape is continually evolving and challenging operational requirements, making it more complex to develop a sustainable strategy.

Strategic priority setting is therefore the first important step for agencies, and must be intelligence-led and based on a clear understanding of the threat picture. Once the threat picture is understood, a priority setting structure must be developed which links the agency's outcomes, objectives and measures of success to the government's direction.

STRATEGIC PRIORITY SETTING STRUCTURE
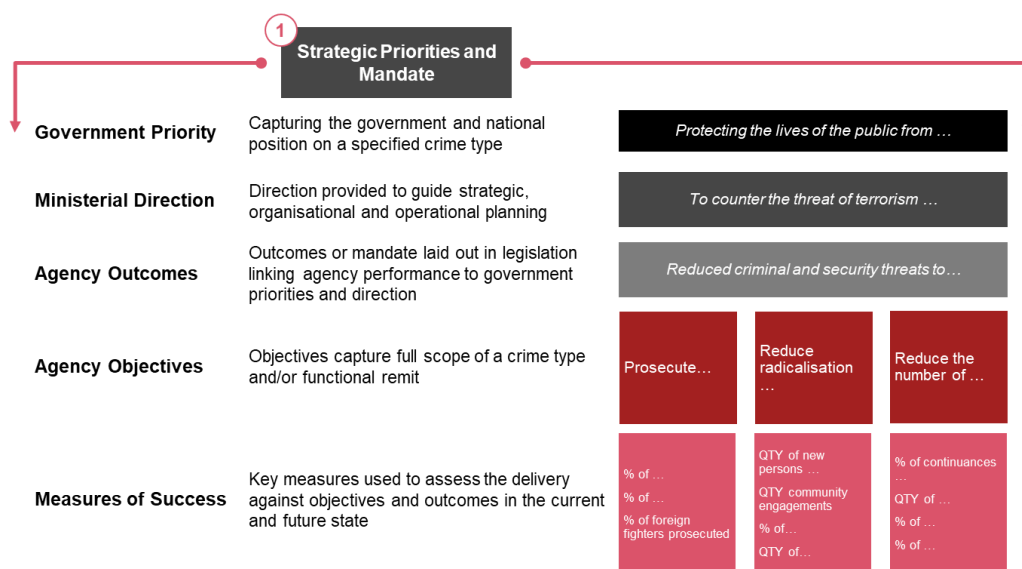
Source: Strategy& prioritisation framework

Capability development and investment for law enforcement

Modern law enforcement agencies need to have a detailed understanding of their capabilities to respond quickly and effectively to emerging threats. If capabilities such as investigations, surveillance, intelligence and forensics are spread across (and duplicated in) separate organisational or command structures, they will be managed and developed in silos. This leads to inconsistent delivery – with some pockets of excellence and other pockets of capability that are left playing catch up to stay ahead of challenges.

Identifying and developing the right mix of capabilities is essential to delivering the operational outcomes required of 21st Century law enforcement. An agency's capability set should be linked to its investigative lifecycle (see Figure 7), a chain of actions where capabilities are deployed.

FIGURE 7
EXAMPLE INVESTIGATIVE LIFECYCLE
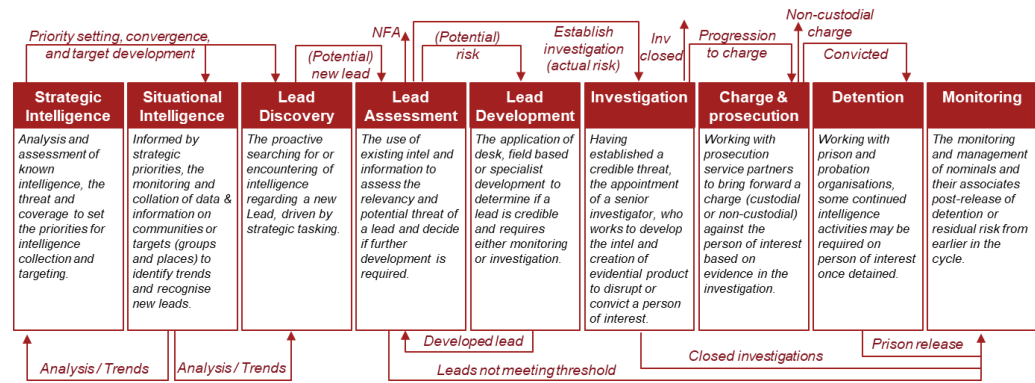
Source: Strategy& example investigative lifecycle for law enforcement

Once capabilities are determined across the lifecycle, they can be properly defined and delineated into a 'capability set' – where capabilities are determined to be Mutually Exclusive of each other, and together all of the capabilities are Collectively Exhaustive of what the organisation does. This presents a structurally-neutral view of the agency.

FIGURE 8
EXAMPLE LAW ENFORCEMENT CAPABILITY SET

Source: Strategy& example capability set for law enforcement

Having determined a stable set of capabilities, agencies can then identify a few critical areas for investment where they need to become leading-edge, versus the lion's share which can receive proportionately smaller sustainment investment to remain fit-for-purpose.

This becomes the foundation for conducting strategic capability planning; using an intelligence-led approach to identify where investment will have the greatest impact on threat responses. New capability initiatives can be assessed against strategic priorities and the

critical few capabilities – to demonstrate coherent, consistent, and credible use of government funding by law enforcement agencies.

By building a holistic picture of organisational capabilities, gaps and challenges, this strategic capability planning process brings four key advantages.

Enables senior leaders' direction on investment

Enables effective top-down decision-making on key investment decisions by clearly linking new initiatives to both capability targets, as well as government and operational objectives.

Cuts through existing org structures and silos

Drives a focus on capability rather than existing org or command structures often separated by threat or crime types. This builds greater cohesion and cooperation within and across law enforcement agencies.

Distinguishes capacity from capability

Separates capacity challenges from capability needs, highlighting important trade-offs that need to be made by law enforcement leaders rather than decisions made on "who screams the loudest".

Simplifies organisation's ways and means

Builds a view of the organisation that simply articulates "what we do around here", so leadership teams can clearly articulate to government and the public the disciplines and capabilities needed to respond to the threat environment.

From threat-based funding to capability-based funding

Agencies must push themselves and their governments to provide sustainable funding for new capabilities, rather than by crime-type or by taskforce. As agencies better understand and articulate their organisations in terms of their capabilities, they must correspondingly develop funding models which seek funding for capability and track maturity and results. This is not a difficult shift to make once capabilities are understood and prioritised.

However, we find that many agencies still seek (and obtain) funding from government by taskforces focused on commodities (e.g. reducing firearms or drugs) or certain crime-types (e.g. countering terrorism, child exploitation, human trafficking and so on).

> "This is a familiar dance which often leaves law enforcement frustrated or unsatisfied, and governments skeptical, untrusting or helpless."

It is an unsophisticated logic: more funding, leads to more warm bodies focused on a commodity (firearms) or threat (terrorism) – which in turn leads to less firearms or terrorists as the case may be. This has simple political capital allowing the government of the day to provide millions to specific mandates such as 'stopping terror on the streets of *big city*', however it leaves more work on the back end translating this into capabilities which in reality are used against multiple threats (e.g. a new piece of intelligence analytics software). Once the capability uplift is delivered, this then needs to be back-translated (including costs of capabilities) into crime or commodity language so that successful delivery of criminal (or

political) outcome and value for money can be demonstrated. This is a familiar dance which often leaves law enforcement frustrated or unsatisfied, and governments skeptical, untrusting or helpless.

The speed at which the law enforcement mandate has changed and threat environment has evolved, has resulted in ineffective management of funding and poor program delivery. The implementation of a sustainable capability-based funding model provides a foundation against which law enforcement organisations can deliver consistent results and build public and government confidence. Establishing a proven track record of effective delivery against strategic priorities and capability plans is essential to building credibility and sustaining a coherent capability-driven strategy.

CASE STUDY
STRATEGY 'MADE REAL' FOR LAW ENFORCEMENT

A policing agency was struggling to manage a number of **competing priorities** after the government increased its mandate and reduced its funding. The link between the agency's operational outcomes and government priorities was **not documented or easily articulated by the executive**. Several hundred objectives were found across the agency, which meant its focus and **priorities were ambiguous to operators** and staff.

Organisationally, this caused **siloed functional areas** to compete internally for resources and funding. Operationally, this **muddied the waters for 'tasking and coordination processes'**, which are the central prioritisation and risk management mechanism for law enforcement. Strategically, this **hindered the agency's ability to respond to emerging threats** and generated **highly reactive** ways of developing capabilities.

First we worked with the agency to develop a **new 'threat, demand and supply' framework** – and accompanying tools and processes to drive strategic and tactical prioritisation. Importantly, this framework also **connected the agency priorities to government direction**. Management Information was collected against these priorities, reported quarterly, which allowed the agency to **better understand its progression, inform investment decisions**, and to **explain key measures of success to government** to meet their expectations. A strategic narrative was developed for the executive to **align all communications internally and externally**.

In parallel we conducted a **detailed baseline for their capability set** which captured all aspects of the agency's current operating model. We assessed the baseline against the board's strategic priorities to **identify key gaps and opportunities**, both in terms of capabilities and **interactions with partner agencies**. As a result, the agency was able to successfully generate a series of target state **capability blueprints** that enabled them to not only **better allocate resources** (making the most of what they already had in the organisation), but also **uplift capabilities** to meet the modern threat environment.

By building a clear picture of the link between government, organisational and operational priorities, law enforcement agencies are able to **more effectively drive positive capability investment and operational outcomes**. Agencies need to use a structured approach to build enduring capabilities, to have greater assurance over resource and funding – and **to reassure government** of where investment is going.

Historical and leadership barriers to adopting a capabilities-driven strategy
So if capabilities-driven strategy is so crucial, why haven't more agencies moved down this path? There are two key answers to this question.

First, law enforcement agencies have historically structured themselves around different threat functions (e.g. 'petty crime', 'major crime' 'vice' or 'drug crime') to best manage the 'threat, risk and harm' facing individuals and society. Overtime, in most agencies these functions have been consolidated (e.g. into overarching 'organised crime functions') and added to (e.g. 'cybercrime functions' or 'counter-terrorism functions'). However capabilities have been seen as the poorer cousin – viewed as critical tools and tradecraft from operational experts, but not something that needs leadership and management attention.

Second, change and transformation used to be something that most organisations did in extraordinary circumstances. But today, transformation is something that leaders have to confront constantly. Law enforcement organisations are no different, and the rapid pace of change to the threat and tactical environment (discussed in the first section) means that, more than ever, law enforcement agencies need to become capability-based organisations to give greater agility and resource management across different threats. Adopting a robust capabilities-driven approach will require strong leadership, and a departure from historical beliefs and culture.

CONCLUSION

Law enforcement leaders have a simple objective that is getting harder to execute

A repeatable model is needed that brings simplicity, breaks away from the traditionally siloed functions, and enables strategic direction and sustainable investment for capabilities.

The future law enforcement environment is complex and multifaceted. It will require constant self-reinvention, and new responses to threats outside of the traditional law enforcement mandate. Increasing use of digital technologies by criminals, the shift in terrorist threat, and an expanding mandate, will further challenge the capacity and capability of agencies around the world. Moreover these challenges do not exist in a vacuum, with governments and the public placing increasing pressure and scrutiny on law enforcement agencies in areas ranging from operational responses to funding.

The implementation of a capabilities-driven model allows law enforcement agencies to align strategy to capabilities and funding – and to build a coherent, consistent and credible organisation that is able to rapidly respond to new and emerging threats. This enables police and agencies to be confident that they are at their best and ultimately strengthens operational responsiveness and flexibility.

The alternative, functional planning by crime type, will only serve to reinforce historical silos – making structures and resource development more rigid and ring-fenced. Change is the only constant. Agencies can't afford large transformation exercises every 5 years to help them catch up with the threat – they have to stay ahead – as the political, societal and personal risks are too great.

A good strategy aligns government priorities, organisational objectives and operational outcomes as the foundation for operational tasking processes as well as investment decisions. This strategy, when combined with a well-defined taxonomy of current and target capabilities and an aligned funding model, becomes the mechanism for rapid identification of capability gaps and areas where investment is needed most to deliver on operational requirements.

This way leaders will be able to meet their mission objective: to better prioritise multiple threats, know the good and bad aspects of their agency's capabilities, and have an ability to explain this to governments and the public to garner their support and funding.

As law enforcement agencies move towards capability-based strategies, strong leaders and resilient cultures will also be of paramount importance. *Harnessing the Critical Few* behaviors, and exemplar individuals in the organisation are central to any successful transformation in the public sector (see further reading on public sector culture-led transformation in "The Purpose Series"). Not only do these aspects build momentum within an organisation, they also assist in the development of a cooperative and collaborative approach within and between agencies and allow more effective responses to an increasingly complex environment. By combining a sound capability-based strategy with strong leadership and a resilient culture, law enforcement agencies are able to more effectively deliver on expectations and stay ahead of the threat.

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