

Functional Challenges for Intelligence Centers in the Public and Private Sectors: *Lessons Learned from Fusion Centers and Business Intelligence Centers*

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Executive Summary

This article provides a survey of homeland security fusion centers and private sector business intelligence centers (BICs). It offers a brief examination of the organization and functions of each, before considering three shared functional challenges in the areas of administration, operations, and external collaboration. This examination offers lessons learned for how each model approaches these challenges and contends that these lessons are mutually applicable to the benefit of both. Ultimately, this article maintains that greater sharing of practices between the public and private sectors can improve the efficacy and efficiency of intelligence services.

Introduction

Effective organizations rely on a continuous level of intelligence collection and analysis to reduce uncertainty, inform decision-makers, and advance organizational priorities. The purpose of this article is to explore one of the ways that the homeland security and competitive intelligence fields have adapted to this reality using an integrated center approach. This article will compare and contrast the private sector business intelligence center (BIC) model with the fusion center model used by federal, state, and local law enforcement and intelligence officials. This brief review will explore the areas of intersection between these two models, and determine what, if anything, the homeland security intelligence realm can learn from the competitive intelligence realm, and vice versa.

The following sections will provide a brief overview of the origin and maturation of the fusion center and BIC models, before concluding with a comparative analysis of each. This analysis will focus on three shared management challenges fusion centers and BICs must address. Both models share several commonalities; first among them is a reliance on the intelligence cycle for core operational functions [Insert intel cycle graphic]. As will be discussed, the creation of fusion centers was event driven: 9/11 provided an imperative to improve homeland security and law enforcement intelligence services. Conversely, BICs grew organically based on the value intelligence services provided to corporate executives. And yet, both models share similar organizational constructs. By assuming a comparative perspective, this article will demonstrate that these models and their respective management processes are transferable and may provide mutual benefits to each field of intelligence. These benefits include: demonstrating effectiveness and establishing accountability; balancing strategic priorities with tactical demands; and leveraging outside expertise to greater effect.

Fusion Center Overview: Organization, Governance, and Capabilities

The ability of intelligence and law enforcement officials to share, analyze, and disseminate information in a timely manner assumed greater importance following the 9/11 terror attacks. A critical component of this effort was the creation and expansion of state and urban area fusion centers, beginning in 2003. Composed of multidisciplinary personnel, fusion centers act as focal points for information-sharing and coordination, both within state and local jurisdictions and with federal partners. Currently, the national network comprises 78 centers, with 53 centers operating at the state level and 25 in urban areas.¹

There is no uniform organizational model for fusion centers. How they are organized generally depends on core elements such as mission, participating agencies, customer groups, governance structure, and funding mechanisms. Broadly, a fusion center is defined as:

“[A] collaborative effort of two or more agencies that provide[s] resources, expertise, and/or information to the center with the goal of maximizing the ability to detect, prevent, investigate, apprehend, and respond to criminal and terrorist activity.”²

As the name suggests, fusion centers bring together personnel from a range of federal and state/local agencies—including law enforcement, intelligence, medical, fire, and emergency management—to “fuse” and analyze information culled from a variety of classified and unclassified sources. They produce finished intelligence products based on specific requests for information, pursuant to key intelligence topics (KITs), or in order to enhance the situational awareness of their customer base. Depending on the center, this customer base can include local government officials, law enforcement, the federal government, and/or the private sector.

Although 9/11 was the primary catalyst for the proliferation of state and urban fusion centers, elements of the information fusion and coordination process predate the terror attacks. Regional Information Sharing Systems (RISS) were created in the late 1970s to integrate criminal information data systems,³ and the 1980s saw the creation of High Intensity Drug Trafficking Area (HIDTA) centers. These multi-jurisdictional centers coordinated the sharing of drug-related information among federal, state, and local participants. Fusion centers also build on the 1990s trend toward intelligence-led policing, which incorporates the intelligence cycle into traditional policing processes as a means of detecting and interdicting criminal activity within a local community.

After 9/11, many centers were created within a counterterrorism scope; however, a majority of centers now pursue an “all-crimes” mission.⁴ As state or locally-owned assets, the precise mission set of the centers is determined by state or local leadership. Several of the early fusion centers were outgrowths of existing intelligence units in police departments, and some continue to function under the direction of law enforcement officials. Yet, many centers are overseen by governance boards which include representation from a variety of state/local agencies. These governance boards help to inform strategic priorities, provide budgeting guidance, and establish standards for center processes.

Fusion centers receive the majority of their funding from the communities that they serve. While the U.S. Department of Homeland Security (DHS) administers grant funding for centers, in 2014 state/local funding outpaced federal grant funding by roughly three-to-one nationwide.⁵ Still, fusion centers do receive considerable support from the federal government. Entities such as DHS,

the Federal Bureau of Investigation (FBI), the National Counterterrorism Center (NCTC), and others provide training and resources for fusion center personnel, help to identify and elevate best practices, and work collaboratively with state and local partners to establish standards for tradecraft and products.

Competitive Intelligence: Evolution in the Private Sector

The Foundation

Competitive intelligence (CI) in the private sector is a relatively young field. Traditionally, many businesses employed CI as an element of their work, but it was an implicit process that occurred naturally as an unlabeled, but critical piece of their classical function, whether in marketing, sales, or in product design or development. However, the 1980 publication of Harvard professor Michael Porter's book, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*,⁶ transformed business management thinking over time. Porter provided a structured, academic view of making the competitive dynamics within an industry and its environment a priority for executives and decision-makers in developing and executing business strategy.

At the outset, the intelligence function of a private business was often part of market research or another decision-support discipline. These groups had been established earlier to serve in the collection and structuring of secondary and primary research data about the competitive environment, but mostly focused on accurate reviews of the past. As internal clients began to demand that their business decisions incorporate research that was more forward thinking, the concept of an intelligence practitioner began to form, often out of market research. These executives set business objectives for the future and developed and implemented strategies to achieve them, all while navigating a competitive environment.

Early Organizational Approaches

The demand for foresight created early attempts to seek intelligence to inform strategic decisions. At first, these were not full-time roles. When a key decision was required, an ad hoc internal multidisciplinary group formed a team or task force to address a specific business issue. The group members collectively required an understanding of the client's need; subject matter experts (SMEs); information sources and research expertise; and collection, analysis, and production capability. This diversity of skills enabled the task to be clearly identified, expertise and sources to be tapped, analysis to be conducted, and a deliverable produced for the user. Then the group would be disbanded and perhaps a different group would be applied to another task in the future. This worked well in small firms, and did not often require a formal budget.

From experience with ad hoc groups, clients identified those attributes they sought in individuals to become intelligence leaders. These included natural curiosity, comfort with uncertainty, and the ability to tap into cross functional expertise and networks to apply knowledge to key business issues or decisions to achieve an actionable outcome. These individuals were appointed by management as the first full-time intelligence professionals in the private sector. In most successful models, the position was a director level and reported directly to senior management.

As demand increased for intelligence in business, and confidence in its value grew, management began to feel more comfortable investing additional resources. This growth in resources and

complexity of private industry's intelligence function is directly related to the quality of results delivered to management. In business, functions like intelligence may be viewed as a cost center, and need to justify their contribution to the ongoing improvement of business performance, often as measured in increased revenues or decreased costs.

The Business Intelligence Center

The BIC model involves significant expansion of both personnel and program resources, and is more likely to be implemented in medium size firms or in large corporations, often multi-nationals. Additional staffing and a greater investment in centralized electronic resources enable the intelligence team to serve the needs of both executive management on strategic issues, as well as functional and tactical business units with operational and tactical intelligence. This model may include three to five full-time staff in collection and analysis positions whose work is coordinated by a full-time dedicated director. These functions can be structured at distinct experience levels, allowing for a career path within intelligence to be available. [Insert BIC graphic]

The BIC organizational design is an adaptation of the public sector concept of a fusion center, as discussed above. A variety of intelligence sources stream into a central multi-media clearinghouse from both field collection and electronic databases that are continuously updated. The clearinghouse concept is often physically a central work space with multiple screens and desks, enabling the team an ease of interactivity and collaboration.

Assistance to the BIC's permanent staff is often provided by SMEs from the client unit as a portion of their job function. This improves effectiveness and efficiency. It gives the SMEs a chance to explore intelligence work as a career option, and provides a pool of candidates for the full-time staff to hire.

This model is well received by clients because once KITs are established, which provide clear definition of the user's need seen as a business issue or decision to make, they are monitored continuously for either strategic or tactical action on a timely basis. Since all gathered intelligence, both primary and secondary, flows through one central location, it provides an excellent capability of delivering ongoing early warning, which is not a strength of some of the simpler models discussed. The BIC model generally requires a larger budget, primarily for increased staffing and for accessing a wide range of secondary resources as continuous electronic feeds into the clearinghouse working space. Specific client KITs and their action plans are developed with client groups, and often funded as part of the client's operating budget subject to negotiation during the business budgeting cycle.

Assessment and Comparison

As is clear, fusion centers and BICs share similar organizational constructs. In fact, private sector intelligence services are less mature than those in the public sector in part because BICs borrowed directly from the fusion center concept as the model matured in the homeland security space. As such, at their core both models employ the intelligence cycle to produce evidence-based assessments for decision-makers to consider before taking action. This, in turn, helps to define the value proposition of each model. [Insert comparison table]

Owing to the organizational similarities, the managers of fusion centers and BICs must deal with similar functional challenges. This section will focus on those challenges and examine the processes employed to address them. In so doing, it will demonstrate that these processes are transferable, to an appropriate degree, between each model and may provide mutual benefits to each field of intelligence. However, the different incentive structures and motives will affect how each model addresses the challenges.

Broadly, the functional challenges that both fusion centers and BICs must address can be divided into three groups. *Administrative challenges* include issues associated with staffing, optimizing organizational structures, and improving the efficiency of standard operating procedures. *Operational challenges* relate an organization's ability to prioritize the interests and needs of customer groups, balance short and long term priorities, and ensure that the intelligence cycle is executed effectively. Finally, *external challenges* focus on an organization's relationship with customers, its capacity for collaboration, and its proficiency in tailoring products to meet the unique needs of various customer groups. [Insert functional challenges graphic]

In order to provide a robust examination within the confines of this article, the following analysis will focus only on one challenge from each of these groups. Further discussion on the additional challenges is warranted. The following challenges were chosen for the present discussion due to the significant impact that each has had on both fusion centers and BICs.

Administrative Challenges...

...For BICs: Measuring effectiveness and accountability is a shared challenge; however, owing to their distinct underlying assumptions and incentive structures, fusion centers and BICs are able to manage this challenge differently. In the private sector, effectiveness and accountability is often measured against a financial bottom line. While a cost benefit mentality is the ideal measure of effectiveness for a BIC, hard measurement must be supported using financial metrics that the corporation accepts as standard in its normal course of doing business (e.g. improved revenues, decreased costs, improved market share, etc.). When a direct cost/benefit analysis is measured and reported, it helps to secure steady and growing funding. However, intelligence is often difficult to isolate from other decision support services regarding its direct impact. Therefore, a BIC will partner with the finance department to advise on whether or not a typical project lends itself to this approach from the outset, and maintain this engagement throughout if they agree. If direct financial measures are not appropriate, softer measures of value will often be employed. These include customer satisfaction, speed and accuracy of intelligence provided, decisions enhanced/supported, timely action taken, strategies improved, new products or service opportunities developed.

...For Fusion Centers: Conversely, fusion centers pursue a public safety and homeland security mission, making an exact quantitative measurement of their effectiveness elusive. Although resource constraints can affect the nature and breadth of the intelligence services provided, public safety cannot be measured against a financial bottom line because of the nature of the mission and expectations placed upon public institutions. Further, because fusion centers contribute to detecting, deterring, or responding to threats, often a successful outcome is stopping an action (e.g. a terrorist event). Proving that an action did not occur as a result of a fusion center's efforts is an inherently intangible, and therefore non-quantitative, measurement. This makes it difficult to set

accountability and develop metrics, a significant challenge for fusion centers seeking to justify their existence to those skeptical of their value or for decision-makers seeking to hold low-performing centers accountable. Additionally, some state and local jurisdictions have fusion centers, but do not commit sufficient resources to them, or receive the greatest value from them, simply because they do not fully believe in the mission or understand their role. As a result, fusion center leaders often wrestle with how to communicate value to stakeholders who may not understand intelligence, and how to employ creative metrics to measure a center's effectiveness.

Takeaway: Although the lack of an overriding profit motive differentiates fusion centers from BICs, BICs are not always be able to identify the direct financial impact their work has on a business decision or operation as an independent variable. However, since both groups produce intelligence products and services that enable prudent and informed judgement on the part of their decision- or policy-makers, perhaps softer measures of value can be applied in both settings. Ongoing customer feedback on some of the more qualitative measures described should occur continuously. In other words, emphasis should be placed on outcomes versus outputs. This will improve not only the value of the functions to their clients, but should also enhance the intelligence provider's ability to focus on those types of measures as meaningful to their customers and enhance the quality and pride they exhibit in their work. This "demand-side" approach shifts the burden of determining measures of effectiveness to the consumers and makes them potential advocates for the BIC or fusion center, thereby reducing the need for either center to justify itself.

Operational Challenges...

...For Fusion Centers: This node encompasses the heart of what fusion centers and BICs are established to do – collect, process, analyze, and produce intelligence that is useful to stakeholders and clients. Included in this node are key functions such as workload prioritization, efficient processes, and effective collection, among others. In particular, fusion centers need to balance short and long term analysis that is both proactive and responsive, well-planned and flexible, focused but open to ad hoc intelligence needs. Fusion centers, particularly those with "all-threats, all-hazards" missions, find this to be a common challenge, given that the range of disciplines that they are expected to support. There is also a need to develop a meaningful production plan that anticipates intelligence needs while also remaining agile enough to prioritize short-turn, unexpected, or time-sensitive demands. Fusion centers have faced this challenge in a number of ways, from careful structuring of analyst teams along strategic and tactical lines, to training all analyst staff to function at both the strategic and tactical levels. Many discussions have been held that pit strategic priorities against tactical priorities, with some fusion center personnel believing that centers should focus on one or the other, but not both. Thus, aside from the director's basic good management skills, fusion centers often struggle with identifying best practices for managing competing priorities.

...For BICs: This challenge manifests itself a very similar way. The more clients who are pleased with the BIC's intelligence deliverables, the more often they return with additional assignments. Balancing supply and demand is how it might best be described in economic terms. Fortunately, business clients often operate on a "management by objectives" set of principles that are set for specific planning cycles in advance (e.g., short, medium, and long term goals). The leadership of the BIC sets up planning sessions with the key clients at the beginning of each cycle to identify their priorities, deadline dates, and builds out a set of priorities where intelligence support will

have the greatest impact upon achieving those objectives. These become the KITs against which intelligence action plans are developed and executed. By making the process transparent to clients proactively, the anticipated level of priority, effort, and budget are shared in advance and the balance between demand and supply can be openly assessed. If demand exceeds supply, additional resources can be requested based on a factual analysis of need, and certain projects may be dropped or postponed. While this will never fully eliminate the need for ad hoc work, it helps to dramatically reduce “fire-fighting” that affects both BIC and fusion center operations.

Takeaway: To the extent possible, “planning the work and working the plan” is a key operational principle for all functions in business, including intelligence centers. This is transferable to fusion centers, where significant planning occurs to identify key strategic priorities. The key here is sorting out the highest priority areas that serve the objectives of the enterprise, and getting collective agreement with stakeholders on priorities and the resources needed to address them. Regular periodic review of progress against these goals takes place as well, as priorities may change as directed by stakeholders. However, the challenge for both models is efficiently servicing tactical or non-strategic priorities. These ad hoc demands often require significant expenditures of resources to meet them. BICs may have more flexibility to respectfully decline or alter a client’s request, or else appeal for additional resources to meet that request. Again, owing to the public safety mission of fusion centers, they have less flexibility in declining a request.

External Challenges...

...For Fusion Centers: Both the fusion center and BIC models rely on SMEs (also referred to as liaison officers or detailees) to provide knowledge, insight, context, and overall expertise to their analysis work. For fusion centers, these SMEs are on loan from their parent agencies in support of the overall homeland security mission. However, the arrangement also benefits the parent agency in the form of relevant information and direct access to the intelligence that impacts their own missions. The ability to navigate the competing priorities among agencies is central to the success of any fusion center, particularly in climates in which personnel resources are at a premium. In the best case scenario, SMEs are co-located with fusion center staff and perform daily duties as a part of the team, with little differentiation from full-time center staff in terms of contribution and responsibility. In this scenario, the specific skill sets of the SMEs are leveraged strategically to align with the center’s priorities, and the SMEs are assigned roles that effectively support them. SMEs should know where to go to collect needed raw information, and should have a solid understanding of the analysts’ goals to provide context and recommendations to support and buttress those goals. While it is not necessary for SMEs to possess analyst skill sets, at times it is advantageous for this to be the case. Individuals who have played the role of SME in a center know the operation intimately and are familiar with the external perspective. These elements, coupled with a strong analytical mindset, sets the stage for a team member who can contribute not only subject matter expertise, but who also can independently frame and analyze events and information.

...For BICs: The BIC uses SMEs in a similar way. It is best if they are co-located with the intelligence center, but during their period of secondment to the center, they continue to report directly to their operational units. This arrangement is generally agreed upon in advance between the respective directors for a specific period of time. It is actually designed as an opportunity for the SME to gain exposure to intelligence work as an aspirational career development opportunity.

It also gives the BIC director a chance to assess the “candidate” in the workplace setting, and how their expertise in the business unit’s area of responsibility contributes to improving the intelligence process, as well as their working “chemistry” within the team environment.

Takeaway: There are several differences in how fusion centers and BICs leverage and integrate SMEs. Fusion centers receive SMEs from a variety of diverse agencies, including DHS, the FBI, police, fire, and health departments, whereas BICs often incorporate SMEs from other business units within a larger, cohesive organization. Accordingly, fusion centers potentially face more challenges in assimilating and familiarizing them with core processes and standard operating procedures. Further, SMEs detailed to a fusion center work in support of the center’s core missions, but are subject to the management of both the fusion center and the parent agency. Conversely, SMEs in BICs work in support of their operational unit and remain under the sole management authority of that unit. Yet given these differences, the BIC's emphasis on working with SMEs and their home units to identify and classify the SME’s skillset and match that skillset to a discrete goal may be a beneficial practice for fusion centers. While many centers already have a robust onboarding and training process for their SMEs, more emphasis could be given to identifying the SME’s skillsets ahead of their arrival, matching those skillsets to the center’s needs, and working continuously with the SME’s home agency to clearly define expectations. This, in turn, may help to alleviate the pressure of attempting to satisfy two managers who may not have congruent goals.

Conclusion

Fusion centers and business intelligence centers operate under different incentive structures and pursuant to different mission sets. And yet, they reflect similar organizational constructs and incorporate the intelligence cycle to very similar ends. Owing to these similarities, there are several practices that may be applied to both models in order to address common functional challenges.

Administrative Challenges: Fusion centers and BICs share the common challenge of measuring accountability and effectiveness. Although BICs often attempt to link effectiveness to financial performance, this is not always possible. The public safety mission of fusion centers also defies a strictly financial measurement. Therefore, in many cases the emphasis should be shifted from measuring outputs to measuring outcomes. This can be achieved by encouraging customer feedback. This “demand-side” approach shifts the burden of determining measures of effectiveness to the consumers and makes them potential advocates for the BIC or fusion center, thereby reducing the need for either center to justify itself.

Operational Challenges: Fusion centers and BICs both rely on preemptive planning to identify and prioritize strategic goals. Balancing those goals against tactical or ad hoc demands, however, poses a significant challenge. Whereas BICs have more flexibility to decline a request or appeal for more resources to meet it, fusion centers do not. This is due to the public safety nature of their mission and an increasingly constrained resource environment. How best to balance strategic priorities with tactical demands warrants additional exploration.

External Challenges: Fusion centers and BICs rely on SMEs to augment the knowledge and capacity of their work. Fusion centers receive SMEs from a diverse number of

agencies, which retain management authority over the SMEs in partnership with fusion center management. This creates a dual pressure of serving two missions pursuant to two different management structures. BICs, however, employ SMEs from smaller business units within a larger organization, and do not exert direct management authority. The BIC's emphasis on assessing and aligning the skills of SMEs with discrete tasks and working continuously with the home business unit to define expectations may be applicable to fusion centers.

The similarities between the two models extend beyond the confines of this article. Therefore, more focus should be placed on identifying and elevating those practices that are transferable and that can help to address the functional challenges for intelligence centers in the public and private sectors.

1 U.S. Department of Homeland Security, "2014 National Network of Fusion Centers Final Report," January 2015, Page 9, Retrieved from: http://www.dhs.gov/sites/default/files/publications/2014%20National%20Network%20of%20Fusion%20Centers%20Final%20Report_1.pdf

2 U.S. Department of Homeland Security and U.S. Department of Justice, "Fusion Center Guidelines Developing and Sharing Information and Intelligence in a New Era Guidelines for Establishing and Operating Fusion Centers at the Local State and Federal Levels," Page 12, Retrieved from: <http://it.ojp.gov/gist/94/Fusion-Center-Guidelines--Law-Enforcement-Intelligence--Public-Safety--and-the-Private-Sector>

3 U.S. Department of Justice, "Bureau of Justice Assistance Program Brief: Regional information Sharing Systems Program," April 2002, Retrieved from: <https://www.ncjrs.gov/pdffiles1/bja/192666.pdf>

4 U.S. Department of Homeland Security, "2014 National Network of Fusion Centers Final Report," January 2015, Page 10, Retrieved from: http://www.dhs.gov/sites/default/files/publications/2014%20National%20Network%20of%20Fusion%20Centers%20Final%20Report_1.pdf

5 Ibid. Page vii.

6 Michael Porter, "Competitive Strategy: Techniques for Analyzing Industries and Competitors," Free Press, 1980.