



ANALYZING ORGANIZED CRIME FROM A BUSINESS PERSPECTIVE: THE CASE OF MEXICAN METH MAFIA

Laureen Albarrán Díaz de León

ITESM Campus Morelia, Mexico

Jerjes Aguirre Ochoa[†]

Universidad Michoacana de San Nicolás de Hidalgo, Mexico

ABSTRACT

The mission of the original Knights Templar was to protect pilgrims to the Holy Land during medieval times. In Mexico, three hundred years later, they had turned into a sort of protection racket, loaning money out of popes and kings alike. Following its homologues to the letter, the newest of Mexican drug cartels is not only known for its involvement on international crystal-meth production and trafficking, but also as an efficient governance structure that derives enormous sums of money through extortion and other “side” businesses. Recent media reports allege that in at least 73 out of 113 municipalities of the southern state of Michoacán, one of the poorest in Mexico and bastion of the KT, agribusinesses as well as small rural farmers are continuously subject to extortion by the organization. How could this escalate to the point of needing to send troops to regain control of a country’s seaport? To provide an answer to this question, we elaborate on a methodology developed by Dean (2010) known as “Crime Business Analysis Matrix”. Using strategic management tools and grounded on the Knowledge-based View of the Firm, We will describe how the criminal syndicate KT originated and consolidated a successful for-profit criminal organization based on meth trafficking, and then detect where its major strengths and weaknesses lie, in order to recommend an alternative line of policing.

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Contribution/ Originality

The paper contributes the first logical analysis of drug cartels in Mexico, according to an economical-business perspective. The Drug Cartels, such as Knight Templars, behaves like a firm. Scholars in Organized Crime in Mexico must move from the idea of crime as the epitome of

[†] Corresponding author

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irrational behavior, completely separated from business and the economy, to one where organized crime is regarded as a rational, profit-maximizing enterprise.

1. INTRODUCTION

Drawing from [Fiorentini \(1999\)](#) and [Schloenhardt \(1999\)](#) we can identify at least five different definitions of organized crime from the current literature:

1. A highly organized, disciplined association which core business is the supplying of illegal goods and services to countless numbers of citizen customers. (Task Force on Organized Crime, 1967 cited by [Schelling \(1971\)](#))
2. An organization which core business is to impose its protection “based on the threat of damage, together with occasional efforts to monopolize “legitimate” lines of business by physically destroying or intimidating competition”. ([Schelling, 1971](#))
3. “A specific economic enterprise and industry that promotes and sells private protection.” ([Gambetta, 1993](#)). This author suggests that its core business is the supply of trust, and that it acts as a quasi-governmental institution that provides protection, enforces contracts and upholds barriers of entry. Violence is used for reputation as well as enforcement purposes.
4. “A hierarchical structure characterized by long-run horizon, and with an involvement in multiple illegal activities” (Reuter, 1983 cited by [Fiorentini \(1999\)](#))
5. “Entrepreneurial operations in an area normally proscribed”. ([Schloenhardt, 1999](#))

The main conclusion is that one must move from the idea of crime as the epitome of irrational behavior, completely separated from business and the economy, to one where organized crime is regarded as a rational, profit-maximizing enterprise. The criminal organization, just as legal firms, will choose such markets based on characteristics which will render highly profitable. [Schelling \(1971\)](#) describes five major features of those markets where criminal organizations unlawfully hold a position similar to that of a governmental authority. In such cases, victimized firms exhibit: 1) An inability to self-protect. 2) An inability to hide. 3) Easily observable profits. 4) High asset-specificity (both on location and customer relations) and 5) Small firm size or individuals.

Drug trafficking and extortion, KT’s predominant activities, may be catalogued as organized crime since they exhibit behavior consistent with the above definitions.

Crystal-meth production highly differs from the Mexican cannabis field which is in everybody’s mind imagery. This picture, where poor peasants are forced by harsh economic conditions to become employees of drug traffickers in exchange for better salaries than those offered in the legal markets, has been changing throughout time. The idea that cannabis remains the most important business of today’s drug cartels is contested by the most recent data on illicit activities reported by current Mexican president Enrique Peña Nieto, in his first State of the Nation, December 2012. During his speech, he reported that in 2011, federal forces destroyed 13,430 has. of cannabis plants: by 2013 that number had fallen to only 3,096. This significant reduction is consistent with the National Center for Information, Analysis and Planning in order to Fight Crime (CENAPI) statements in which cannabis cultivation has decreased, but clandestine labs, based on the number being destroyed, (colloquially known in Spanish as *cocinas* –kitchens-, mainly devoted

to the production of methamphetamines) have increased 120% , between years 2006 and 2012. (Castillo, 2013). Consistent with CENAPI's report, the United Nations Office on Drugs and Crime numbers (UNODC, 2013) also reflect the steep increase: Mexican seizures of methamphetamine more than doubled, from 13 tons to 31 tons, and surpassed for the first time those of the United States which seized 23 tons in 2011. This clearly indicates an increase in demand with global characteristics.

2. CRIME BUSINESS ANALYSIS MATRIX OF METH TRAFFICKING IN MEXICO

Dean (2010) propose a model of strategic analysis to better understand organized crime, characterize it as an "enterprise", detect its major strengths and weaknesses *vis-à-vis* police enforcement and propose better ways to police and contain its illegal entrepreneurial activities.

Elaborating on the Knowledge Based View of the Firm and proposing a dynamic model of analysis known as the "Crime Business Analysis Matrix" (CBAM), the authors developed a new way of profiling organized crime groups based not only on their positioning within a market, but also on their networks of association and transaction. To better police criminality, the authors propose to go a step forward from mere information gathering practices and data storing, towards a new perspective where knowledge becomes a *valuable resource*, since it arises from "the combination of experience, context, interpretation, reflection, intuition, and creativity by human beings." The model takes on a dynamic approach by taking into account how capabilities and business factors are simultaneously shaped by market dynamics and culture. Failure to account for these two dimensions may render any police initiative ineffective, especially nowadays where ruthless criminal groups have become more flexible in their organization and hierarchy. *Caveat emptor*: Since there is an obvious lack of access to first-hand information on KT criminal activities, news reports from reputed newspapers will be used to illustrate each phase and conclusions will be drawn using such information.

3. PHASE ONE: ESTABLISHING

This phase is concerned with the start-up on the criminal enterprise and the major factors involved for it to be successful. Such factors are:

- 1) Human Resources
- 2) Operational Logistics
- 3) Finance/ Capital
- 4) Crime Money Management
- 5) Business Planning
- 6) Entrepreneurial vision

The model bestows great importance to entrepreneurial capabilities, which paired up with the business development factor in each business phase translates into success in the development of the criminal business. Such capabilities are:

- 1) Opportunity perspective
- 2) Resources Mobilization

- 3) Decision-Making under uncertainty
- 4) People cooperation
- 5) Profit maximization

Two of these capabilities are concerned to the establishing phase: *opportunity perspective* and *resources mobilization*.

3.1. Opportunity Perspective (Capability Rating: HIGH)

3.1.1. Entrepreneurial Vision: HIGH

As with any legal start-up, there must be someone at the lookout for business opportunities, identifying new lines of business, or trying to expand and grow the existing one. Entrepreneurial vision involves the confidence to carry out the business idea and its vision. Such talent may emerge from early exposure to how such criminal business is created and developed, either through gang's involvement, family, ethnicity, etc.

3.1.2. Business Planning: HIGH

Here is where strategic thinking comes to place. Much in the same fashion as entrepreneurs in the legal markets, business must be materialized from idea to opportunity to business.

3.1.3. Crime Money Management (HIGH)

This concept goes beyond the usual "money-laundering" schemes used by criminals to mimic legitimate transactions. It takes into account a whole "money-cycle" where money is used for production of illegal goods, for procurement of supplies, exchanged in the market for profits and finally, hidden from regulatory bodies. The KT uses a rather diverse range of activities to achieve this. One example is the avocado agri-businesses in Michoacán, which accounts for 72% of all Mexican avocado production, which is then exported to the United States in amounts equivalent to 1 billion dollars a year. One of the most important sources of cash for the state, the KT syndicate carefully "educated" themselves on the business, with the objectives of extorting as well as to launder money from their drug businesses. With access to private and government databases, by means of bribery and blackmailing, the KT has obtained information on the size and value of every avocado farmer in the area. They then proceed to extort money or even take over whole packing operations to use them for their money laundering schemes. Their pervasive use of bribery and corruption allows them to prevent authorities from seizing their assets.

3.1.4. Resources Mobilization (Capability Rating: HIGH)

This entrepreneurial capability is associated with three business factors: financial capital, operational logistics and human resources.

3.1.5. Financial Capital (HIGH)

A criminal entrepreneur must be savvy enough to be able to procure himself with capital to start up his venture. Either he provides himself with money through participation in minor but

lucrative criminal schemes; is propped up by some “mentor” that entrusts him with money, or is backed up by a criminal financier.

It has been calculated that the KT syndicate earns 73 million dollars each year through extortion, racketeering and kidnapping, a diverse criminal portfolio aside from drug sales earnings (Parkinson, 2013). These activities have become very profitable lines of business for the KT and provide with an enormous capital inflow which secures continuity of meth trade, payment to informants and high ranked politicians and authority figures, and the exploitation of other opportunities that could become profitable in the future. Such paramount extraction of financial resources may have been their main advantage, but also could become their downfall, considering the surge of fully armed vigilante groups, formed by civilians tired of extortions and kidnappings and who have been fighting the KT cartel since 2013. As of January 2014, news reports state that several Michoacán communities are now under vigilante control, such as Parácuaro, Nueva Italia and Coahuayana. It is unclear who finances the militia, which has apparent access to assault AK-47 rifles, grenade launchers and Barrett .50 caliber sniper weapons, trucks and bulletproof vests, all of which are completely illegal to carry in Mexico (Althaus, 2014). One source has stated that the money comes from rich agribusiness owners, mining companies and powerful migrant Mexican-American communities in Los Angeles and Chicago, (Narváez, 2014) where hundred of Michoacán expats reside, all tired of paying extortion money to the KT and falling victims to kidnapping and paying ransom only to find their kidnapped relative dead shortly after.

3.1.6. Operational Logistics (HIGH)

Smuggling and trafficking of drugs requires a great deal of coordination in terms of transport routes, establishing networks of distribution and making operations more efficient as a whole, while at the same time avoiding surveillance and infiltration by the authority. KT operates a sophisticated logistics network just as any multinational corporation would.

Precursors are being supplied by the Chinese Triads and India (Phillip, 2013), seaport control through bribery, extortion and blackmailing ensures that raw material arrives to the meth factories and an army of hit men, accountants, lawyers and professional chemists make sure that money is collected, production managed efficiently and that both remain shielded from authority intervention. The alliance with the Sinaloa Cartel allows security once uncut material makes its way to the border: cars equipped with electronically-activated compartments allow concealment of drugs, use of trailers and even private airplanes to transport large quantities has been reported by the National Methamphetamine Drug Conference (Weaver, 1997), and small amounts are sent through the U.S. postal Service, United Parcel Service and Federal Express.

3.1.7. Human Resources (HIGH)

Selection of staff in a criminal enterprise concerns itself with the issue of trust. Thus, involvement requires an ethnic or familiar background. Security and secrecy are of strategic importance for the organization, thus, the criminal entrepreneur constantly balances trust vs. skill needed for the job.

3.2. Phase Two: Expanding

The entrepreneurial capability of taking decisions under uncertainty is cross-matched with four associated business factors, namely:

- 1) Business intelligence
- 2) Violence
- 3) Corruption
- 4) Counterintelligence

The expansion phase concerns itself with the growing of the business and increase in market share. The KT is one of the most violent drug cartels in Mexico and probably in the world: their level of gruesomeness is unheard of (Grillo, 2011). Bodies hung from bridges in the middle of cities, bodies strewn across highways, decapitated bodies, dismembered victims, burning of trucks and entire warehouses, are among the ways the syndicate uses to maintain their brutal reputation and prove that they must be feared.

Use of social media to portray gruesome slayings of informants and brandishing of high caliber rifles is a means to show power, intimidate rivals and mock law enforcement inability to stop them too, even when they blatantly post pictures of themselves on the Internet (Gorman, 2013). This could be another source of weakness for the syndicate as their bravado could easily backfire, serving as lead to their detainment. The KT also uses the threat of violence as a means to easily extort money from legal and illegal businesses alike and maintain them as an easy source of cash money that will then be used to support and complement their main activity as drug traffickers.

3.2.1. Corruption (HIGH)

Advancement of criminal interests, through increase of market share or to simply maintain a market, will be extremely difficult if not impossible to achieve without the use of corruption of authorities and politicians, bribery and blackmail. The criminal enterprise possesses a large amount of financial means, and corrupting police officials is a matter of opportunity. Considering that they are the ones fighting one-to-one organized crime activities, the fact that they can be so easily corrupted must be of the utmost concern when planning to contain and counteract their activities through policing. Corruption can and has become systemic in Mexico. Once criminality infiltrates on the front lines of individual officers devoted to fight crime, corrupting groups and eventually complete organizations and governmental institutions becomes much easier, to the point where it is difficult to distinguish the authority from the criminals. That situation allows free movement to develop whatever criminal enterprise a crime entrepreneur has in mind.

3.2.2. Counterintelligence (MED)

Counterintelligence acts as means to avoid as much risk as possible. Criminal enterprises invest in high-tech communication counter-surveillance to be one step ahead of the authorities. Informants and infiltration into police officers provide criminals with strategic information that allows them to act proactively against the police. As far as the KT, their main source of counterintelligence stems from having police on their payroll, so their need to involve high-tech surveillance is unnecessary. Those who they would be spying on are in fact, *working* for them.

3.4. Phase Three: Consolidating

Consolidating the criminal business equals managing a network of people around the business and getting them to cooperate to further develop it. Factors related to this capability are:

- 1) Criminal business connections
- 2) Legitimate business connections
- 3) Influential business connections.

Those in a position of influence, capable to bring an advantage or doom the criminal enterprise, must be managed either by getting them to cooperate or neutralize activities they might engage against the business. Evidently, bribery and violence can achieve this influence alone, but communication skills are a characteristic of the real entrepreneur, whether legal or illegal, and might influence in the long term success of firms.

3.4.1. Criminal Business Connections (HIGH)

Gangs, culture and prison background are all ways to make the acquaintance of people that can cooperate to make the criminal enterprise successful. Alliances with groups that could provide protection, for example, prove worthy for the advancement of objectives, especially where huge profits are to be made and the risk of opportunism is high. As for the KT, their very profitable alliance with the *Cartel de Sinaloa* to secure entrance of uncut meth into the U.S. speaks of their ability to put aside possible differences and cut deals that benefit both syndicates, for example, protecting themselves against possible rival cartel incursion such as the Beltrán-Leyva (Castillo, 2013).

3.4.2. Legitimate Business Connections (LOW)

Managing a growing firm requires the aid of skilled people. Whether lawyers, accountants, bankers or paid hit men, the criminal enterprise must surround itself with experts in order to consolidate the business and successfully carry out laundering of money while at the same time reducing the risks involved. There are reports of lawyers, accountants and even computer engineers (Gorman, 2013) working for the KT, however it is unclear if they recruit them by offering them a good salary or are simply kidnapped or threatened to work or face the consequences.

3.4.3. Influential People Connections (HIGH)

Criminal involvement of high-ranked politicians or government officials as well as reputed criminals within the criminal world, facilitates the access to information to successfully carrying out money laundering schemes and intimidate those that work to counteract such activities.

Involvement of corrupted Mexican politicians on the business of drug trafficking is a very old story, where top-level statesmen, from Secretaries of Public Security to state governors have been accused and even arrested for embezzlement, money laundering and collaboration with the cartels (Estevez, 2013). Suspected but never proved is the alliance between the DEA and the Sinaloa Cartel to fight rival cartels, a situation that allegedly contributed to the escalation in violence in recent years and would blatantly violate Mexican sovereignty and Public International Law.

(Gómora, 2014) These allegations speak clearly of how high up do the Mexican meth Mafia is capable of operating and negotiating, and how eradication of their activities seems rather difficult.

3.5. Phase Four: Positioning

This phase concerns itself with sustaining the business over time. It involves analysis of current conditions and how they will influence the future. The entrepreneurial capability of “profit maximization”, necessary in this stage, relates itself to three business factors:

- 1) Local market share
- 2) Global market share
- 3) Competitive advantages

3.5.1. Profit Maximization

Motivation to aggressively pursue a criminal business opportunity emerges from the idea of reaping huge profits, but it is not the only reason. There are other drivers for such behavior:

- 1) Allegiance to a family crime business
- 2) A need to escape poverty
- 3) An opportunistic behavior
- 4) Innovation and creativity

At some point, money is not the only or even the main motivator to continue a life in crime. The thrill of everyday risk, the feeling of being able to beat the system, becomes addicting, and surpasses money-seeking as the main driver to pursue a career in crime.

3.5.2. Local Market Share (LOW)

Increased market share impacts the totality of a competitive market structure by directly affecting bargaining power of suppliers and reducing the power of customers, rivals and new entrants. Drug trafficking does include the possibility of expansion through increased local market share; however, it has been so far geared towards the U.S. market only. Nonetheless, it is important to mention that meth consumption is on the rise in Mexico, at least 20% annually (Benavides, 2007). One can therefore expect that if tighter police controls begin to heavily crackdown on meth distribution in the U.S., cartels will encourage the development of a domestic market, thus modifying the current rating for this category in the future.

3.5.3. Global Market Share (MED)

Criminal organizations profit from globalization’s trends. Entire countries serve as safe havens for criminal groups, others as suppliers, as hubs or as consumers. For instance, criminals from Colombia cohort with Mexicans to traffic drugs and there have been reports of Russians operating at the Mexico-US border, as well as Mexicans operating in European countries, like Austria.

Mexican meth traffickers supply 80% of U.S. demand (Salter, 2012) and due to the purity of the drug (90%), it is very sought after. Therefore, it is very likely that such share, now relatively small in comparison to cocaine smuggling for example, may increase in the future.

3.5.4. Competitive Advantages (HIGH)

For the KT, their main sources of competitive advantage are external. They have benefited from a long story of pervasive and widespread corruption among Michoacán's and Mexico's police, which have allowed them to extort, kidnap and murder unimpeded. Such lucrative bribes for government officials have been illustrated here, and are among the main reasons why 98% of all crimes reported remain unpunished in Mexico, according to Amnesty International.

Another important source of advantage is the failed state or civil war scenarios. Mexico as a country is by no means considered a failed state as per the Fund for Peace 2013 Index, the main authority in the world for this matter, but its score of 97 places it already on warning rating. However, if one were to take Michoacán state as an isolated entity, it does exhibit many of the attributes that this organization proposes as indicators of a failed state.

Together, these potential state-failure characteristics have become fertile ground for drug traffickers to exploit and profit from, by easily recruiting people affected by poverty, lack of opportunities and low access to primary services; bribing politicians whose corruption practices are in fact their *modus operandi*; as well as operating unimpeded thanks to government inability to fully exercise the rule of law. Since KT's competitive advantages are external (market structure, access to extortion money due to rampant corruption and authority inefficacy or collusion, easy access to human resources due to structural poverty, etc.) and do not come from their own set of internal resources, a change on those external factors could determine their demise or further success. The sprung of armed self-defense militias is an example of how a perceived strength can suddenly become a weakness. Further degradation of the security apparatus in Michoacán has led, not to a strengthening of the cartels but to the organization of civilians fed up from paying extortion money and having their relatives kidnapped, raped or killed, threatening directly cartel activities.

The authority void, caused either by ineptitude, negligence or sheer unwillingness, as well as a structural lack of trust on institutions, became favorable to cartel activity but also triggered the will to fight and ultimately expel them from the *Tierra Caliente* (Hot Land), the most important stronghold of the KT in Michoacán, that comprises 18 municipalities of more or less 500,000 inhabitants in total. Oddly enough, on January 14th, 2014, the federal government decided to disarm the vigilante groups as opposed to combat the KT, and sent helicopters and military convoys. End result was a deadly clash between the self-defense movement and Mexican soldiers that left at least two civilians dead (Tuckman, 2014). The vigilantes publicly condemned government actions and demanded the government to pursue the KT and not them, as they claim to have been left with no other options than to arm themselves. Reports say that KT hit men, while still on the loose, have lessened those activities that hurt people the most, kidnappings and extortion, after the self-defense groups started patrolling their cities (Tuckman, 2013).

One can expect a change on the dynamics of the government-cartels-organized civilians after military intervention. It remains unclear what the consequences could be but we can think of at least four scenarios:

- 1) Military disarm vigilantes by force and they end up at the mercy of the cartels, and KT remains the actual quasi-governmental institution that it is today;

- 2) Government decides to sit down with the vigilantes and cuts a deal to expel and fight the KT syndicate together. KT disbands but leaves the region at risk of intervention of rival cartels eager to take control of the port routes to China and India precursor suppliers.
- 3) Government silently pacts with the Mafia and turns a blind eye to drug trafficking in exchange for reducing extortions and kidnappings, thus momentarily pacifying the region.
- 4) Government is unable to disarm vigilantes and they become the *de facto* authority in the region with the risks that such a situation poses, as we have learned from the Colombian FARC's, for example.

The prior analysis leaves us with the following graphic, which is a snapshot of the KT as a criminal business and that helps us answer our initial question: How could the situation escalated to the point of having to send troops to regain control of a *whole* seaport?

The answer are those competitive advantages described before, namely widespread government corruption and a near failed-state scenario as well as an almost endless supply of financial means coming from a relentless drug demand and extortion money. This is how the KT syndicate rapidly became a *de facto* governance institution capable of controlling one of the most important seaports in Mexico. They were able to exploit such advantages to gain access to information, human resources and assets to maintain and expand their illegal activities. Rampant impunity and collusion with the authorities allowed them to operate freely, which brings us to our final and fundamental questions: How can we better police such activities? Is the current strategy the best or could there be a better one? Is a police reform possible?

CRIMINAL BUSINESS ANALYSIS MATRIX (CBAM) OF MEXICAN METH MAFIA

Entrepreneurial Capabilities	Phase 1. ESTABLISHING			Phase 2. EXPANDING			Phase 3. CONSOLIDATING			Phase 4. POSITIONING						
5. Profit maximization										+ + + - - -						
4. People Cooperation							+ + + - - -									
3. Decision Making under Uncertainty				+ + + + - - - -												
2. Resources Mobilization				+ + + - - -												
1. Opportunity perspective	+ + + - - -															
Business Development Factors	1.1 Entrepreneurial Vision	1.2 Business Planning	1.3 Crime Money Management	2.1 Financial Capital	2.2 Operational Logistics	2.3 Human resources	3.1 Business Intelligence	3.2 Violence	3.3 Corruption	3.4 Counter Intelligence	4.1 Criminal Business connections	4.2 Legitimate Business	4.3 Influential people	5.1 Local market share	5.2 Global market share	5.3 Competitive advantages

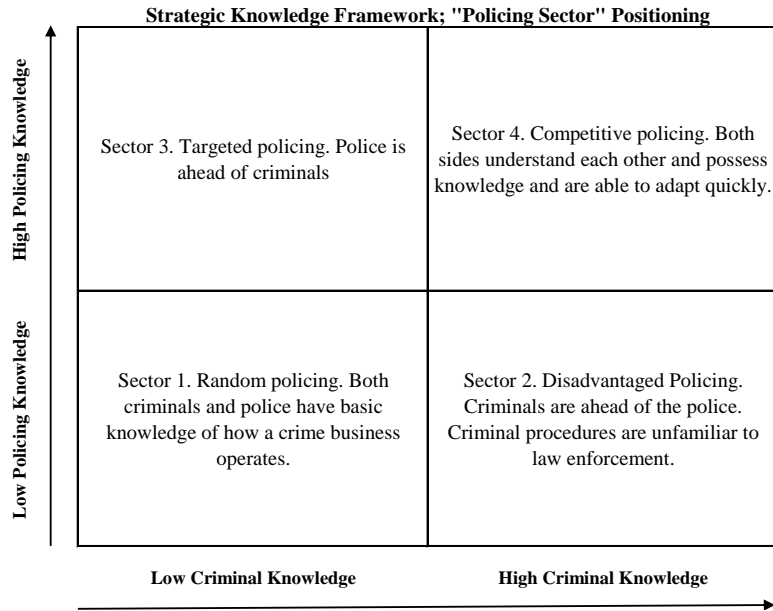
4. FINAL REMARKS. KNOWLEDGE-MANAGED POLICING AS AN ALTERNATIVE WAY TO COMBAT ORGANIZED CRIMINAL ENTREPRENEURIALISM

The main conclusion of this analysis is that there cannot be any advances on the current state of events if a thorough police reform does not take place beforehand. Another conclusion is that, in view of the fact that market demand for designer drugs is growing so rapidly, police can only currently aspire to *contain* criminal entrepreneurialism by professionalizing itself and, most importantly, make their number one priority the protection of civilians from those crimes that hurt them the most: extortion and kidnapping.

Professionalizing police force has been in the Mexican government's agenda already for some years. Millions of dollars stemming from the U.S.–Mexico security cooperation deal, or “*Plan Mérida*” are supposed to be destined to such purpose although much of that money (at least 88%) remains underutilized by the states and only a small fraction of all security personnel has been evaluated (Corcoran, 2014). A large number of policemen have failed polygraph tests (main feature to test for integrity) and have had to be removed from the force; just in Michoacán, 700 elements were either fired or demoted after being found unfit (Cawley, 2013). This is proof of how a lack of state-federation-municipality coordination makes reducing corruption levels among forces an almost insurmountable task. Despite availability of millions of dollars to clean the police (25 million were assigned on January 2014 to create an Anti-Kidnapping Unit, and an Institute to train police officers and detectives, all certified and trained by the Federal Government), the state of Michoacán has been so far incapable to translate monetary funds into effective, measurable programmes. Moreover, tackling endemic corruption seems rather difficult, when in average, a police cadet with roughly 8 months training receives between 400 and 700 USD as monthly payment (Sabet, 2010), and as it has been stated before, the Mafia is ready to put at least another 800 USD in his pocket to act as an informant or collaborator. Corruption is, therefore, *institutionally predetermined* (Shirk, 2011).

A model that provokes real change among police forces should equip them with an internal resource with VRIO attributes (Barney, 1991). Such resource must be Valuable, Rare, difficult to Imitate and there must be Organizational skills at hand. Such resource is said to be *knowledge*. Policing activities should make use of information and intelligence but they will produce knowledge only if combined with interpretation, reflection and context, all *human* characteristics (Biloslavo, 2005 cited by Dean (2010)). Flexibility, self-organization, and charismatic leadership are all features that discriminate between knowledge-driven and bureaucratic organizations. If criminal enterprises are constantly adapting while the police remains highly bureaucratic, effectiveness in tackling their activities will be low.

Identifying how much knowledge is in the hands of a police force, as far as people and systems is concerned *vis-à-vis* organized criminal groups., allows to better design which law enforcement strategy to implement. Dean (2010) propose a Strategic Knowledge Framework for that matter:



Where is Mexican police located within this framework? The answer: *it depends*. It depends on which police is it that we are speaking about. There are extremely well trained and highly capable police officers on Federal Forces (Sector 4), and at the same time, completely untrained, lacking minimum resources and underequipped municipal police (Sector 2).

A successful strategy will stress the need to invest in knowledge resources. Investment in people is the most important weapon in the war against the cartels. Equipment is important as well, but there is no use on having the ultimate technologies at hand if operators do not understand how to use it and profit from it.

Emphasis on knowledge can be found on The United Kingdom’s Serious Organised Crime Agency (SOCA). Its guidelines can be used to shape the current strategy and shift it from “the more traditional *detection, investigation and prosecution* of organized groups to and *intelligence and disruption* focus” (Hartfield, 2008 cited by Dean (2010)), Of course it must be noted that, in the case of Mexico and especially Michoacán, one must start building almost from zero, but it is important to know where and what to build and realizing that there are alternatives and sometimes more effective ways of policing to better allocate an already scarce police budget.

There are four pillars of SOCA’s response to organized crime through its Organised Crime Command: *pursue, protect, prevent and prepare*.

According to its website, cutting crime and reducing threats is achieved through the developing of strategic action plans, working with the wider community, collaborating with international partners. Pursuit equals disruption of organized criminal activities and a high emphasis is given to intelligence and information sharing to better protect the economy and communities. Building of specialist knowledge within police forces and enhance their capabilities is also said to be essential to cut criminal activity.

The UK experience can serve as guideline to better police operations in Mexico. Use of strategic management tools as presented in this paper as a source of knowledge, prioritizing protection of

civilians and cracking down on corruption by increasing preventative measures such as campaigns and initiatives that encourage reporting should be included in every law enforcement agency main strategy.

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