



BBB Institute for
**Marketplace
Ethics**

2016 Report to the **COMMUNITY**

Better Business Bureau of Minnesota and North Dakota



BBB's Mission:

To be the leader in advancing marketplace trust.



BBB's Vision:

An ethical marketplace where buyers and sellers trust each other.

About BBB

Better Business Bureau of Minnesota and North Dakota is a non-profit organization. For more than 100 years, BBB has helped people find reliable businesses, brands and charities. Founded in the Twin Cities in 1912 by ethical business owners, our mission is to be the leader in advancing marketplace trust. In just the past year, people turned to our BBB more than 5 million times to make wise purchasing decisions by using BBB's Business Reviews and customer reviews, all available for free through the support of our 6,800 local BBB Accredited Businesses.

BBB Institute for Marketplace Ethics (IME) is the 501(c)3 charitable education foundation of Better Business Bureau of Minnesota and North Dakota. Charitable business and public support allows the IME to offer free fraud prevention resources for consumers and businesses, including workshops, tools and recognition programs to promote ethical enterprising.





Investing in Data and Expanding Programs Fuels Growth

At Better Business Bureau of Minnesota and North Dakota we're proud to be known as "the first BBB" in the world! Building marketplace trust between businesses and consumers for more than 100 years requires us to be flexible and responsive to the changing needs of our community – and the past year was no exception. In 2015-2016, we made strategic investments in our operations, including staffing, data quality and marketing, as well as expanding our educational outreach programs and resources.

These investments helped fuel growth for our organization, increasing our BBB Accredited Business base 11% during the fiscal year to more than 6,800 locally Accredited Businesses. The support of these ethics-minded businesses that believe in our vision enables us to offer most of our services free to both the public and business community, and allows us to do even more:

- Adding full-time data quality specialists to ensure information BBB provides to the public is accurate and current.
- Securing a larger office in Fargo and hiring two full-time staff to perform business and consumer outreach throughout North Dakota.
- Increasing digital marketing initiatives to draw more consumers to our website to find trusted businesses to work with.
- Launching BBB Scam Tracker, an online fraud reporting mechanism which allows consumers to share suspect offers and see scams anywhere across the US and Canada.

Our Educational Foundation, the Institute for Marketplace Ethics, enjoyed growth as well, including:

- Securing our first-ever endowment, funding our annual Student of Integrity Scholarships.
- Hosting successful "Scam Jam" events in Rochester and Fargo-Moorhead to educate hundreds of seniors about scams targeting them.
- Expanding our partnership with Allianz to offer more than 100 Safeguarding Our Seniors presentations at senior centers throughout the Twin Cities.
- Offering needed financial and educational resources through our Military Line Program at dozens of fairs and expos, as well as hands-on trainings to service members throughout Minnesota and North Dakota.
- Launching "In Pursuit of Ethics," an interactive ethics program for high school students.

Investing in our BBB – and an ethical marketplace – makes our community stronger and helps consumers and businesses thrive. We can't do it alone. We greatly appreciate the continued support of our board of directors, sponsors, donors, volunteers, staff and local Accredited Businesses that help us build marketplace trust every day.

Dana Badgerow
President & CEO

Lisa Jemtrud
Foundation Director





BBB Accreditation – Trust Matters

Trust is priceless. For a business, creating trust with customers, vendors, employees and the greater community can take months or years to build and seconds to destroy. Better Business Bureau has been helping people make wise purchasing decisions and finding businesses they can trust for more than a century. According to a recent study, more than 80% of consumers trust BBB compared to Angie's List (58%) and Yelp (51%).

BBB gives all for-profit businesses (with sufficient data) a letter grade rating based on a unique algorithm of 13 factors. BBB's ratings, combined with any available customer reviews and/or complaint details, help consumers make informed purchasing decisions. However, the trust metric for going "above and beyond" is if the company has earned BBB Accreditation. In fact, nearly 83% of consumers familiar with the BBB Accreditation Seal are more likely to purchase when the company displays the Seal. *(Nielsen, 2015)*

What does BBB Accreditation mean for consumers?

When people choose to work with an Accredited Business, they can be assured the company has annually agreed to uphold BBB's eight "Standards of Trust," as well as sufficient time in business, current licensing and state filings, no major government actions, and a commitment to make a good faith effort to resolve any complaints. Last year, BBB Accreditation was revoked from 21 companies for not abiding by one or more of BBB's Standards.

BBB Accreditation is voluntary and companies are under no obligation to seek Accreditation. A company doesn't get any extra "points" in the letter grade rating. So why do businesses choose to go through BBB's Accreditation process? More than 88% of local Accredited Businesses say displaying the BBB Seal has benefited their business, and it adds trust and credibility in the marketplace. "I tell every customer we are an Accredited Business, and everyone knows who the BBB is!" said a survey respondent. *(Accredited Business Survey, 2015)*

“BBB Accreditation helps because it shows we are conscious of good business ethics and demonstrates our desire to maintain a higher standard. Being under the BBB umbrella helps customers recognize how they can expect to be treated. Our BBB Accreditation definitely helps us put our best foot forward in the path to earning the trust of a new customer. **”**

*Ryan Boedigheimer,
President, Edison Electric*



“We are proud of our track record of serving customers and protecting our reputation as a company that genuinely stands behind its work and defends the interests of its customers. Many people do not have the time to properly vet a suitable vendor. In the absence of this time, they rely on BBB to vet these vendors. BBB membership is often perceived as a reliable seal of approval. **”**

Ken Burkhardt, President, Homestead Remodeling



More Than Complaints

When you mention Better Business Bureau, people usually say, "Oh, the place that handles complaints." And it's true. BBB does work to help resolve disputes between consumers and businesses for free. Locally, we processed nearly 23,000 complaints this past year, and resolved more than 90%. We also handled more than 45 mediation and binding arbitration cases about marketplace issues. But that's just a small part of what we do. In the past year, more than 5 million local BBB Business Reviews were accessed through our website – more than 14,000 per day!

Here are some other free tools and resources BBB offers to help consumers avoid fraud and make wise purchasing decisions:

BBB Business Reviews

Research a company's track record, complaint details, ratings and more at BBB.org before you do business with them. Locally, we have more than 73,600 Business Reviews with letter grades.

Customer Reviews

Read about other consumers' experiences or submit your own. BBB's customer review process is different because we actively seek input from both the customer and business before the reviews are published online. Last year, more than 5,800 customer reviews were posted locally.

BBB Online Directory

Search our online directory by industry/profession or city to find local BBB Accredited Businesses. Our Online Directory averages 40,000 pageviews a month.

Request A Quote

Receive multiple free estimates from area Accredited Businesses to your inbox in one simple step.

Advertising Review and Investigations

BBB reviews newspapers in Minnesota and North Dakota, hundreds of websites, and many television and radio ads – and investigates if we feel claims might be misleading. We challenged over 800 advertisements last year. We also partner with Minnesota Auto Dealers' Association to set standards for auto dealers and monitor auto ads in Minnesota.

Scam Tracker

Use our interactive map to report and learn about fraud and schemes both locally and across North America.

Consumer Hotline

Last year we helped more than 25,000 consumers with marketplace questions and issues through our hotline and "Live Chat" website. BBB staff is available Monday through Friday, 8:00 a.m. to 5:00 p.m. at **1-800-646-6222** or thefirstbbb.org.

“In July 2015, I was trying to get a vehicle safety recall issue resolved with an auto manufacturer. The situation dragged out for months and my efforts to get the matter addressed at the national level went nowhere. That's when I contacted BBB of Minnesota and North Dakota. They were able to resolve my dispute through a local dealership in quick fashion.”

Walt Huemmer,
St. Paul





BBB Institute for Marketplace Ethics

BBB Institute for Marketplace Ethics, a 501(c)3 charitable foundation, understands the marketplace has both positive and negative influences. Through our Center for Character Ethics, we believe in bringing out the best in our current and future workforce. We know that a company's most valuable asset is trust, and that's something that can't be bought or sold; it must be earned. We also believe that character needs to be encouraged at an early age and developed throughout life. We are committed to advancing ethics and strengthening BBB's movement by giving individuals the guidance and the confidence to make a commitment to leadership principles and ethical enterprising.

In addition, our Center for Fraud Prevention helps business leaders and consumers of all ages avoid being victimized by fraud. We monitor trends and believe in the power of prevention. We gave more than 400 free presentations throughout Minnesota and North Dakota - reaching more than 20,000 consumers.

We gratefully acknowledge support from our donors. BBB's Institute for Marketplace Ethics raised \$167,669 this past year from corporate and individual donors to support our mission. **To review financials, donor lists and governance details, please visit thefirstbbb.org/foundation.**

Program Highlights

BBB's First-Ever Endowment

The "Scott Richards North Star Charitable Foundation Student of Integrity Scholarship Fund" provides an annual \$2,500 Student of Integrity Scholarship to high school seniors who demonstrate high character and ethics.

Safeguarding Our Seniors

BBB gratefully acknowledges Allianz for their continued financial support. Since 2013, Allianz has provided BBB's Institute for Marketplace Ethics \$100,000 for scam prevention initiatives. This year, BBB trained and coordinated 67 Allianz employee volunteers who in turn gave more than 100 fraud awareness and prevention presentations to Twin Cities area seniors.

Allianz has teamed up with Better Business Bureau to develop and deliver the Safeguarding our Seniors elder abuse prevention program. Presented by Allianz employee volunteers, Safeguarding Our Seniors teaches elders and their families how to recognize red flags and access available resources to be empowered to take action.

Laura Juergens, Community Relations Manager, Allianz

Celebrating Students' Ethical Leadership

Since 2007, our annual Student of Integrity Scholarship program spotlights current high school seniors who recognize the importance of ethics and strive to "do the right thing" even with obstacles in their path. Congratulations to our 2015 scholarship winners who received a combined total of \$7,000 in scholarships: Anson Allard, Chanhassen, MN; Anna Athey, Minnetonka, MN; Morgan Killen, Stillwater, MN; and Sarah McGoldrich, Edina, MN.



BBB Torch Award for Ethics

Since 2000, our BBB's signature annual event recognizes companies of all sizes which display an outstanding level of ethics and integrity in all aspects of their operations. Approximately 325 business leaders attended the 2015 Torch Awards for Ethics at the University of Minnesota's McNamara Alumni Center. The 2015-2016 Torch Awards for Ethics Winners were:

- JNBA Financial Advisors
- North Star Resource Group
- Plumb Right
- Preferred Credit, Inc.
- Vujovich Design Build

Special Congratulations to two local companies, previous Torch Award winners, Klein Bank and ICC Restoration & Cleaning Services, for winning BBB's International Torch Award for Ethics in 2015.



Program Highlights (continued)

Be Wise. Be Informed. Be Empowered.

BBB's senior citizen outreach program gave 83 fraud prevention presentations to 3,963 attendees, provided marketplace education materials at 32 senior expos, reaching 19,035 attendees and spoke at 29 meetings to professionals serving seniors about how their clients could utilize BBB's free fraud prevention and reporting tools, services and resources.

Secure Your ID Days

Last year, BBB offered 17 "Secure Your ID" shredding events in the Twin Cities and throughout North Dakota, helping area residents and business owners securely dispose of sensitive documents and data. Participants received tips on identity theft prevention. We shredded more than 80,000 pounds of paper and destroyed 5,600 pounds of electronics.

Scam Jam

In partnership with AARP and more than 50 local non-profit and law enforcement partners, BBB held three major educational events reaching 650+ seniors, care givers and professionals serving seniors. The events, held in Golden Valley, Rochester and Fargo, highlighted the most common scams and outlined resources available to the public. Twin Cities Public Television filmed portions of the event to help create a 30-minute special "Scams, Seniors and Minnesota's Response" which has been broadcast more than 70 times this year across Minnesota, reaching thousands of additional seniors. Scam Jam is coming to St. Cloud in December 2016.



Blizzard Box Blitz with Meals on Wheels

To reach home-bound consumers targeted heavily by telemarketers, door knockers, email and mail schemes, BBB partners with Meals on Wheels each fall to pack more than 5,000 "Blizzard Boxes" filled with shelf-stable meals and include our fraud prevention pamphlets.

Assisting Emerging Communities

BBB believes segments of our population are at increased risk of falling victim to scams due to language, cultural or literacy barriers. With both public and private partners (including Twin Cities Public Television and ECHO) BBB helped produce and distribute a series of four animated digital shorts aimed at combatting fraud for Spanish, Hmong and Somali-speaking segments of our community.

Coalition Against Marketplace Fraud

Collaborating with more than 30 law enforcement entities in Minnesota and North Dakota, BBB and BBB's Institute for Marketplace Ethics assisted marketplace investigations to stop fraud. We work together to identify problematic entities and business practices that warrant attention and get fraud alerts out to both consumers and businesses.

Military Line Outreach Program

One example of how BBB assists our military community is a specially designed brochure describing marketplace scams and consumer tips which utilized special formatting, colors, font and style to help aid in comprehension for veterans battling the effects of traumatic brain injuries (this effort won a 2016 Minnesota PRSA Classics Award). We also provided scam prevention materials at 104 events, reaching 12,186 individuals.

In Pursuit of Ethics

Our newest program! This interactive educational training is perfect for youth classrooms or adult continuing education. A trained facilitator guides participants through real-life ethical scenarios presented in an entertaining way that promotes fair and honest behavior. We recently gave these programs to the Boys and Girls Club of the Red River Valley and the Moorhead Police Summer Camp for Youth.



We're Here To Help

For more than a century, Better Business Bureau of Minnesota and North Dakota has helped consumers find reputable businesses and navigate marketplace issues; preserving business relationships, promoting self-regulation and collaborating with the media to spotlight unscrupulous behavior. As our marketplace continues to evolve there are many things you can do (as a business owner or consumer) to help us build an ethical marketplace:

Ask BBB. Find trustworthy businesses for free. Use BBB's tools and resources to research a company's information, including complaint history, ratings, government actions and consumer complaints before you choose to do business with them.

Tell BBB. Your feedback lets our community know who they can trust. Support good businesses and submit customer reviews on BBB.org. If you've had a negative experience with a company, filing a complaint through BBB can help get it resolved and also helps us track complaint trends. Also, let us know if you receive an ad or offer that seems "too good to be true." Submit scams and fraud to Scam Tracker at bbb.org/scamtracker.

Request A Speaker. Do you need a guest speaker on a marketplace topic? Our staff presenters are perfect for schools, business groups or civic organizations. We're well-versed on many business and consumer topics and can tailor presentations to fit your needs.

Be More With BBB. If you have a business and you're committed to upholding high ethical standards, join our growing network of trustworthy businesses. Learn more about BBB Accreditation and the many benefits it offers.

Financially Support BBB's Mission. BBB's charitable foundation relies on public and corporate support to expand our fraud prevention and ethical enterprising programming to reach even more for the audiences we serve.



Thank you to our donors, partners, sponsors, volunteers, board of directors and community of trustworthy businesses. We are grateful for contributions supporting our vision of an ethical marketplace where buyers and sellers trust each other.