

La experiencia del Consejo de Agencias de Comercio Mejorado de los Estados Unidos de América

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Hotel Presidente

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SLIDE #1

Good morning, Ladies and Gentlemen. I am embarrassed to tell you that my Spanish is not nearly as good as your English. So, unfortunately, I must give my presentation in English and it will be translated for you.

On behalf of the Better Business Bureau system in the United States and Canada, I would like you to know how honored we are to have been invited to be a part of today's program to discuss El Salvador's consumer code. My role on this morning's program is to talk about our organization, the BBB, and how self-regulation serves as a bridge between the public and private sectors in protecting North American consumers.

Time is short, so let me begin.

SLIDE #2

First, let me tell you a bit about the Better Business Bureau.

- We're a private sector business membership organization that was founded in 1912.
- We currently have 180 Offices in cities throughout the United States and Canada.
- We are supported by more than 375,000 member companies. Most of these are small businesses; however our supporters include some of the largest global brands in the world – companies like Procter and Gamble, IBM, Kimberly Clark, Hewlett Packard, Coca Cola, PepsiCo, GM, Ford Motor Company and more than 200 others.
- We delivered more than 60 million instances of service to North American consumers in 2004.

- We have a unique mission: *“to foster the ethical relationship between business and the public”*.

What does the Better Business Bureau do? Well, we:

SLIDE #3

- Develop and administer private codes of business practice, as well as standards for advertising and charities
- Accept and process consumer complaints against member and non-member businesses
- Provide advertising, automobile warranty and privacy dispute resolution services
- Provide consumers with reports on businesses and charities
- Administer “trustmark” certification programs for online reliability, online privacy and charities

Now, all of these could be functions of government, and, indeed, many of them are – to a greater or lesser extent.

We believe, however, that partnerships among government, the private sector and consumers are absolutely essential.

In today’s highly competitive, fast-paced regional and global marketplace, all the players have to be nimble, swift and well-informed if they are to remain competitive.

Sports is a good analogy and this photo of a soccer game may help make a point.

SLIDE #4

Here, one referee observes and controls the play of the 12 visible players in the picture. The referee relies on the players’ and coaches’ knowledge of the game and the rules to help ensure that the game is played fairly. If there were no referee, or if the players could not count on the referee to do his job, the game would quickly degenerate into a brawl.

On the other hand, if the referee could not count on the coaches and players to abide by the rules voluntarily most of the time, the only alternative (**SLIDE #5**) would be to increase the number of referees, making the cost of enforcing the rules prohibitively expensive and slowing the game down to the point where few would want to participate in it.

SLIDE #6

We believe that government, the private sector and consumers all play vital roles in ensuring that the consumer marketplace works. If one leg of this “three-legged stool” is removed, the stool cannot stand.

The business community’s job is to produce quality products and services at different price points to meet identified needs in the consumer marketplace. The consumer’s job is to make informed choices among the products and services they are being offered.

Government's job is to intervene in that marketplace in the least intrusive manner possible to ensure that businesses compete fairly and consumers' interests are protected.

In North America, the Better Business Bureau plays a vitally important role on behalf of the private sector – a role that serves all three communities (business, consumer and government) in three important ways:

SLIDE #7

- The BBB helps business create codes of business practice that:
 - take advantage of business' knowledge of the marketplace;
 - are responsive to consumers' concerns; and,
 - are capable of quick changes as the market innovates and changes.

SLIDE #8

Here is an example of one of our Codes – the BBB Code of Online Business Practice – from our *BBBOnLine* Web site. This code, developed by the BBB in cooperation with major online merchants and small businesses with input from government agencies in the United States, Canada and the European Union, is used as a standard against which to measure applicants for admission to the BBB program. Should a question arise regarding a company's advertising, the advertising claim is measured against the standards. Should an individual dispute arise over a product or service, a BBB arbitrator may base his or her decision in part on the standards contained in the Code.

SLIDE #9

- The BBB serves as an intermediary between businesses and consumers, offering complaint handling and dispute resolution services to resolve complaints that businesses are unable to resolve themselves.
- The BBB builds consumer trust in the marketplace by:
 - Helping consumers find reliable companies with which to do business – our BBB “Company Reliability Reports”;
 - Providing our *BBBOnLine* “Trustmark” to business to help consumers identify merchants that meet standards of practice and participate in dispute resolution;
 - Providing educational materials to consumers to assist them in making wise buying decisions.

Business provides nearly all of the funding for the BBB because it provides a remarkably efficient system for delivering these services I've just mentioned to consumers and because it gives the business community a “first bite of the apple” – a first chance to resolve its own disputes before the government steps in to regulate the marketplace – often at greater cost and with less understanding of the various potential long-term effects such regulation might create.

Let me give you a bit more detail about two of the major BBB activities – complaint handling and reporting on companies – together, these activities constituted roughly 37 million instances of service in North America during 2004.

First, let me give you some basic statistics on our complaint handling activities:

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In 2004, the BBBs in the U.S.

- Handled 3 million complaint contacts from consumers
- Processed 985,700 written complaints from consumers
- 62.3% of those (614,100) were received on the Internet
- These disputes include cases against BBB members and non-members
- Handled an additional 28,700 automobile warranty disputes for many global brands (all but Daimler-Chrysler, Toyota-Lexus).

All this is accomplished entirely by private sector, and fully funded by private sector, with a very high degree of public transparency. A very important point to note here is that the BBB's work helps preserve the scarce resources of government – allowing the U.S. and Canadian Federal, state and provincial authorities to focus their efforts on the truly fraudulent and illegal marketplace practices.

Here are some common elements basic to all the cases the BBB handles.

SLIDE #11

- Every case is sent to the business for a response
- If a responses is not received timely, a reminder is sent to the business
- Cases that are answered and cannot be resolved through informal conciliation are generally offered BBB mediation.
- In cases where a company is a BBB member or has pre-agreed to arbitration, the customer is offered a free arbitration service.
- We have a network of over 2,000 volunteers (mostly, but not exclusively, attorneys) from all over the U.S. and Canada, who serve as arbitrators for the BBB.
- All this case handling is normally completed within a 30-60 day period.

The summary results of BBB complaint handling become a part of each company's public report. These reports are available to consumers through the BBB's Web site and also by telephone from local BBB offices. Here is an example of a BBB report from the Denver, Colorado, BBB. **SLIDE #12** The first part of the report tells you about the company – **SLIDE #13** the second part gives you a narrative of the company's experience with the Better Business Bureau – **SLIDE #14** the third part tells you the number and nature of complaints filed with the BBB over the past three years – **SLIDE # 15** the final sections of the report give you additional information about company licensing as well as additional company names and telephone numbers.

In a sense, the company makes its own record with the BBB; we simply provide a number of ways for the public to learn about that record. And, of course, since we are a self-regulatory organization, we provide “due process” for the company to appeal to the BBB's President and Board if it believes the organization has not followed its transparent procedures in handling the complaints or arriving at its report on the company.

SLIDE #16 Companies that pledge to meet the BBBs membership, BBB*OnLine*, and charity standards may display the BBB “trustmarks” in their stores, in the local

advertising, and on their Web sites, and the BBB provides a number of ways that consumers can search for lists of companies that meet BBB standards in particular categories of business.

All of this works pretty well, in large part because over 93 years the BBB has earned the trust of North American consumers and businesses. I am reasonably certain the concept could work in El Salvador as well, but it would need the assistance of community leaders, including the government, especially including the government, to satisfy consumers and business that the process is fair, effective and consistent with the interests of the public.

I promised my hosts that I would try and be brief and allow time for questions. Let me conclude by once again congratulating you for the work you are doing on bringing your consumer code into existence. And to reinforce the point that – as in North America – business self-regulation can and should play a vitally important role in the consumer marketplace. A Better Business Bureau-type organization – perhaps the first in Central America – could not only fill an important niche in El Salvador, but could serve as a model in the region.

SLIDE #17

Thank you for your time and attention this morning.