

Better Business Bureau rating system questioned

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The Better Business Bureau has launched a new rating system that it says gives consumers better information about companies they are considering patronizing. But local business owners and other critics say the new system may leave shoppers with the wrong impression.

One point of irritation is that companies can't get the best rating unless they pay to belong to the bureau. Worse, though, is that some of the criteria the bureau is using to grade companies is irrelevant or unfair, critics say. For example, businesses can lose points if the bureau doesn't have a current e-mail address for them on file.

Quick facts

- Businesses do not have to be a member of the bureau for it to issue a report on them. However, being a member is the only sure way to get a rating. For non-members, a report is not issued unless the number of inquiries about them reaches a certain threshold, a complaint is made or the government takes action against it. That's why the reports on some businesses simply say "no rating."
- When a business joins the bureau, or a report is triggered in another way, information is collected via a written questionnaire. The bureau verifies facts, such as checking to see whether a plumber is licensed.
- Locally, the annual cost of joining the bureau ranges from a minimum of \$360 to thousands of dollars, based on the size of the business.
- The bureau no longer has a physical office in Waco. The nearest one is in Bell County.
- Some 576 businesses in McLennan County are bureau members.
- In 2008, more than 904,000 inquiries to the bureau were generated from a 12-county area that includes Waco. Most of those inquiries were from McLennan County. Those inquiries were primarily for reports about businesses.
- Some 673 complaints against businesses were generated from the same geographic area last year. Two of those complaints resulted in companies losing their bureau membership.

Source: *The Better Business Bureau*



Bruce Mohan, owner of Central Texas Lawn Sprinkler, talks about his experience with the Better Business Bureau while his crews work on repairing a sprinkler system at Baylor University Wednesday. Mohan thinks the bureau's new rating system for businesses is flawed. (Duane A. Lavery photo)

“It’s the most ridiculous thing,” said Richard Berman, president of a Washington, D.C.-based public affairs and communications firm. “It’s the sort of thing I expect to see from anti-business organizations, not these people (at the bureau).”

Bruce Mohan of Central Texas Lawn Sprinkler said he wasn’t aware of the new rating system until contacted by the *Tribune-Herald*. When he learned his business scored an A-, he wasn’t happy.

When Mohan heard that the only reasons his company didn’t get an A+ was because it is not a bureau member and because the bureau supposedly does not have enough background information on the 31-year-old business, he said it confirmed doubts he has had about the bureau for decades. Any system that gives less than stellar marks to a company that has never had a complaint lodged against it and is operating legally has problems, he said.

“We’re not one of those businesses that does just enough,” Mohan said of his irrigation company. “We do more than what would be called upon us to do. . . . If we’ve got an A- in this industry and there are two positions above that, they’re just wrong.”

The system, which was launched this month, takes into account 16 different factors ranging from how long a company has been in business to how many complaints have been made against it. Companies are given a rating of A+ to F.

A new system was needed because the bureau’s old practice of simply deeming a business “satisfactory” or “unsatisfactory” did not give consumers enough information,

said Richard Kitterman, executive director of the bureau's office that serves the Waco area.

"The old rating system didn't really allow us to . . . give credit where credit was due and ding them when it was due," Kitterman said.

That might be, said Berman, whose clients are mostly in the food and beverage industry. But the new rating system swings too far in the opposite direction, he said.

For one thing, it's far too subjective, Berman said.

Berman pointed to six Taco Bell restaurants in southern California. None had any complaints, yet their ratings varied, he said.

"These are cookie-cutter businesses," he said.

Worse, Berman said, the new system penalizes businesses in certain industries. Those include online casinos, work-at-home companies and sweepstakes.

Level of dissatisfaction

But businesses also have points deducted if they are in an industry the bureau thinks is likely to generate a high level of customer dissatisfaction. Those include debt negotiation companies, advance-fee modeling agencies and payday loan companies.

"They're supposed to be judging businesses on whether they do what they say they're going to do," Berman said. "If they're legal, licensed to operate . . . I don't think the Better Business Bureau should be in the position of saying they look funny from the get-go."

Berman's other major concern about the system is that only paying members can get the highest score. The best non-members can do is an "A."

His research revealed that companies with complaints against them fared better in the ratings if they belonged to the bureau, Berman said. In some cases, it appears a single complaint against a nonmember is what caused it to score a "B" or even a "C," he said.

Kitterman, from the bureau, disputed some of Berman's claims. Although it's true that only member businesses can attain the highest rating, it's not a pay-for-play system, he said.

Such companies get extra points because a condition of membership is that they must agree to binding arbitration through the bureau if consumer complaints cannot be otherwise resolved, Kitterman said.

“Other businesses who may be equal in all other aspects haven’t taken that step, which we feel is important to consumers,” he said.

However, companies do not get protection from complaints because they are members, Kitterman said. In some cases it may appear that way looking at the sheer number of complaints alone. But the bureau takes into account the size of the business and whether it tries to resolve complaints. Because of that, a large business with multiple complaints that were resolved could fare better than a small one with just one unanswered complaint, he said.

As for points being deducted due to a company’s industry, Kitterman said that is a fair criterion since such businesses tend to shaft consumers.

Grading discrepancies

An examination of reports on local businesses revealed some of the controversial issues.

The McDonald’s on Hewitt Drive, for example, has an “F” rating. According to the bureau’s report, that is because it does not have sufficient background information on the restaurant and because it did not respond to a complaint. It was the only complaint reported to the bureau in the three-year period used in the ratings.

On the flip side, Waco Dodge Sales, a bureau member, has an A+ rating despite having seven complaints against it in the same time period. Six of those complaints were resolved by the company and one was “administratively closed.” That means the bureau felt the company tried to rectify the situation but was met by unreasonable demands from the consumer.

Insufficient information

A finding of insufficient background information caused many local businesses to lose points. In many cases, it is the only negative factor mentioned in a report. Even quite a few member companies lost points because of it.

The label means the bureau’s file on a business is incomplete, Kitterman said. Sometimes it’s because a business withholds data, such as its sales volume. But often it’s something as simple as the bureau not having a company’s current fax number or e-mail address, he said.

Businesses can usually get the deduction removed by providing the bureau with the missing information, Kitterman said. But it is up to companies to initiate contact. The bureau doesn’t have enough staff to chase down that data, he said.

Aris Galanis, owner of the 1424 restaurant in Waco, said it’s ludicrous that a business can lose points just because the bureau does not have updated files. Until he was

contacted by the *Tribune-Herald*, Galanis was unaware of the fact that his business has a “B” rating. The report says it’s due to a lack of background information and a lack of information about how long the business has been open. The restaurant has no complaints against it.

Larry Pirkle, owner of Texas Star Auto Repair, is also irritated that his business was penalized for what he considers a non-legitimate reason. In his case, the “A-” rating is due to the fact that the business has only been open since June 2007. Since the bureau will let a business join after a year in operation, it shouldn’t deduct points for that, he said.

Pirkle, a bureau member, said he worries that he could lose out on customers if people don’t read down far enough in the report to see why the company didn’t get the best rating. At the same time, he said he doesn’t think the bureau’s score will make or break a business.

“Probably a lot of young people don’t even look at it anymore,” he said.

Some companies in town, however, are generally happy with the new system. Carla Hines is chief financial officer for Freddie Kish’s Complete Car Care Center, which has an “A+” rating. While she doesn’t think it’s right that companies can lose points for something like a clerical omission, she likes the fact that the new system takes into account multiple factors.

“Satisfactory or unsatisfactory doesn’t really tell anyone anything,” Hines said. “Satisfactory could mean that you’ve just been open for three months so nobody has complained against you yet.”

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