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## **DAVID ELLISON'S CONSUMER WATCH**

### **Questions greet BBB's new system**

**By DAVID ELLISON**  
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The Better Business Bureau's nationwide move earlier this month to a letter-grading system for businesses doesn't appear to be making the mark in some cities.

So much so that the local BBB has asked for and received an extension on implementing the new system until Feb. 1.

"We think it has tremendous inequities," said Dan Parsons, president of the BBB of Greater Houston and South Texas.

In short, the national group that thousands of consumers rely on to resolve complaints against businesses and to help determine whether firms are reputable is scrapping its "satisfactory" and "unsatisfactory" ratings. Instead, businesses will be awarded letter grades from A-plus to F.

The new system assesses points based on 16 factors, such as the type of business and its business model, how long a business has been in operation, government actions against a firm, paid BBB membership and complaints filed.

### **Charges of 'pay to play'**

Five cities — including Los Angeles, Santa Barbara, Calif., Albuquerque, N.M., Asheville, N.C., and West Palm Beach, Fla. — tested a similar system that the nonprofit BBB is using as a model. According to news accounts, the test projects received some complaints, including one that some Los Angeles restaurants that pay BBB membership dues got higher grades than those with similar ratings but are not members.

Rick Berman, president of Berman and Co., a Washington, D.C.-based public relations firm that represents restaurants nationwide, refers to it as a "pay-to-play system." He has mounted a nationwide media blitz against the system.

"I really do believe this is all about money," said Berman, who prefers the BBB return to the old system.

Parsons disagrees with Berman's article circulating on the Internet, saying that he's basing his comments on the test system in the five cities instead of the program adopted for the rest of the nation. And he noted that a business's membership in the BBB accounts for only 4 points out of a possible 100 under the new rating system. But Parsons said he doesn't disagree with Berman's premise that the new system has some issues.

He said his bureau has been working to figure out how to apply the system fairly so it won't offend members and at the same time report accurately on those who are not members.

“You run the risk of giving somebody we really don’t know either too good a grade,” he said. “Or, let’s say they got problems and we are not reporting that accurately.”

In Missouri, the Associated Press and the Springfield Business Journal have reported that businesses are complaining they have received bad grades unfairly. According to the AP, some businesses also say the BBB of Eastern Missouri and Southern Illinois has been using high-pressure and heavy-handed sales tactics to force them to pay for accreditation, which would boost their ratings.

That BBB denies the allegations.

A spokesman for the Council of Better Business Bureaus in Arlington, Va., couldn’t be reached for comment this week. But in a news release on the council’s Web site, he lauded the rating system.

“Consumers want more than marketing spin or a few comments about a business posted on the Internet, and rightly so, because given tough economic conditions, they literally can’t afford to make bad buying decisions,” said Steve Cox. “BBB’s improved reports provide detailed insight into a business’s track record and are based on our time-tested standards, in-depth research and the millions of consumer complaints filed with BBB.”

In Florida, one of the agency’s that tested the system also defends it.

Michael Galvin, of the BBB of Southeast Florida and the Caribbean, said his agency hasn’t received any complaints from businesses over the year that it has been using the test system.

“In today’s world, the more information that the consumer has to protect and inform them, the better they are,” he said. “And with the business being an accredited business, they have taken it upon themselves to adhere to the excellence and the standards required by the Better Business Bureau.”

We’ll be watching to see how it plays out, here.

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