

--And lack the clout to motivate unethical companies to shape up even when the evidence is incontrovertible.

To understand why the why the BBBs are far less effective than they are purported to be, you need to understand how they operate. A popular misconception that Better Business Bureaus are local government agencies. They're not. They actually began life 83 years ago as citizens' vigilance committees formed to warn the public about shady companies false advertising claims. Today they are private, independently operated, nonprofit corporations designed to protect consumers from bad business practices of all kinds.

Each local bureau has its own CEO and unpaid board of directors, who determine what services will be offered and what dues members are charged--which range from \$120 a year to \$5,000.00 or more. The BBBs' main product is information: They keep files on all their members and create files for any company that a consumer inquires or complains about. Most BBBs assign ratings of satisfactory or unsatisfactory to most companies on file, based on their record of complaints. But though most bureaus offer formal arbitration and mediation services, BBBs are not enforcement agencies and cannot order an uncooperative company to award a refund or even acknowledge a complaint.

The CBBB makes local bureaus sign written agreements on bureau conduct that lay out guidelines for resolving internal disputes, paying dues and writing company reports. However, all the umbrella group truly controls is how the bureaus use the BBB trademark name, which it owns. The CBBB's lack of clout leaves local BBBs free to operate like fiefdoms, doing pretty much what they want with little oversight. One objective of James Bast, the 59-year old formal CEO of Presstek, a printing equipment supplier, who took over as chief executive officer CBBB in June 1994, is to address 'problems within the bureau system.' In particular, he wants to standardize the way bureaus collect and report data, by upgrading their computer systems.

The umbrella CBBB, which is perhaps best known as an effective watchdog of the nation's charities, is largely supported by its 350 national blue-chip members, such as AT&T and Xerox. These companies pay dues of as much as \$80,000 a year to support the CBBB's promotion of ethical business practices.' For instance, the CBBB monitors national advertising and alerts consumers to misleading claims. Some 240,000 companies pay their local BBB annual dues and the local chapter in turn pays dues to the CBBB.