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Phony firm puts doubt on ratings from BBB Board considering changing practices to ensure integrity

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THE PLAIN DEALER

The national Better Business Bureau system is considering changes to its letter-grade formula amid criticism of its business rating system.

The BBB's A-plus-through-F grading system came under fire just as the holiday shopping season was about to launch — when consumers most rely on BBB ratings of local and national businesses.

The BBB's executive committee met last week to consider:

- Ending its practice of awarding four extra points (of a possible 100) to “accredited businesses,” the bureau’s term for dues-paying members.
- Ending the practice of reserving its A-plus grade for members. The highest grade a nonmember can earn now is an A.
 - Requiring bureaus to follow strict procedures for vetting businesses for membership.
 - Having an outside company audit bureaus for compliance.

Once the committee makes its recommendations, the council could act swiftly. Other changes could follow.

“Trust is gold for the Better Business Bureau,” said David Weiss, president of the Cleveland BBB and an executive committee member. “Our reputation is entirely based on trust.”

That trust was shaken this month when Connecticut's attorney general criticized the BBB for not making it clearer to consumers that members are eligible for higher grades than nonmembers.

And more embarrassing, ABC News reported that a nonexistent company named "Hammas," the creation of a bureau critic, not only was accredited by the Los Angeles BBB but received an A-minus rating.

BBB officials across the country said the Los Angeles bureau did not follow BBB procedures for both background-checking and grading potential members.

"The Hammas situation, I assure you," Weiss said, "that would not have happened here."

The BBB's old rating system, in place until last year, was like reading tea leaves.

Companies were rated only "satisfactory" or "unsatisfactory," and consumers were left to divine for themselves whether 10 complaints was high or low.


Letter grades are easier to comprehend. A consumer can get a pretty good idea how he or she would fare with a D- or F-rated company. Similarly, A-range grades should reflect good service and few complaints.

A member might receive a higher grade than a nonmember for legitimate reasons, BBB officials say. A company might address previously ignored complaints or improve its practices during the membership process. Old complaints can fall off reports after 36 months.

But Weiss notes, "A newbie with no track record should not wind up with a top rating."

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