

Testing Enters Its "Third Wave"

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Which command allows you to save a document in WordStar?

- A. F10
- B. Esc - T, S
- C. Control - S
- D. Control - K, S

The above example may ring a nostalgic bell, both for those die-hards who still pine for the good old days of WordStar, Multimate and WordPerfect 5.1, and for those who recall when the only way of testing on the myriad of products that once littered the DOS landscape was paper-and-pencil, multiple-choice tests that included questions like the one reproduced above. (The answer is D, by the way. Control-K made the Block menu appear, at which point the S key let you save, and... oh never mind.)

The First Wave

In the late 1980s, the first wave of automated testing swept reams of paper away in a mighty wind, and left pencil manufacturers scrambling for new markets. That was the year Kelly Services introduced the Key testing system to the staffing marketplace, an ingenious way of testing computer skills on the low-cost PCs that were entering the staffing office for the first time.

Key utilized a methodology called performance-based assessment to measure basic computer competency. By simulating products such as WordStar, Multimate and WordPerfect, Key allowed Kelly offices to test competencies on these products without requiring a staffing company to spend thousands on purchasing the actual software. While this type of testing is now commonplace, at the time Key represented a revolution.

When Qwiz of Atlanta, GA released a commercial product with similar capabilities as Key, the testing landscape changed dramatically, with most staffing customers requiring computerized testing from their staffing suppliers. As performance-based testing reached the bulk of the staffing marketplace, the first wave of testing was rolling.

A small number of vendors chasing a large, diverse market created a problem: how to distinguish one staffing company from another vis-à-vis testing when most companies made use of the same testing system providing the same tests? As often happens with technology revolutions, the first wave of innovation begat a second wave, one that we are still living with today.

The Second Wave

Second wave testing involved more vendors providing more types of tests using different delivery methods. With companies like SkillCheck, Prove It and Presenting Solutions providing new PC testing solutions, companies were free to distinguish themselves by choosing one vendor over another. The addition of tests covering additional skill sets: accounting, call center, computer programming, etc. meant that skills testing was breaking free from the confines of computer software and clerical skills. Some vendors provided the means for staffing companies large and small to create custom assessments, allowing them to differentiate themselves further.

In the last five years, new test delivery options (including tests delivered over the Internet) and tests that measure not just skills, but attitudes and aptitudes have allowed staffing companies to test on a diverse set of knowledge and skills in different ways (including testing at home via the Web).

As with most technological change, solutions create their own problems. Today, there is no shortage of tests to be given to potential job candidates, just a lack of time to give them. And the information provided at the end of a testing session, usually a percentage score with information on questions answered correctly and incorrectly, while useful, does not provide either an adequate profile of a job candidate, nor a means to use test scores to market skilled candidates to clients.

It's been noted that rather than create the paperless office, innovations like word processing and desktop publishing actually automated the creation of even more paper. Similarly, the innovations of Second Wave testing expanded on, but did not change, fundamental testing strategy. While a staffing company can now purchase a package of hundreds of tests for less than they originally paid for just a few dozen, and give those tests locally or over the Internet, these products still just test standalone skills, providing individual reports which a staffing consultant usually interprets manually.

Ask any staffing company their biggest issue regarding testing and most will agree: testing takes too long, consumes too many resources (computers, administrators/proctors, etc.) and does not provide enough information to effectively know or sell job candidates to customers.

The Third Wave

Third-wave testing encompasses the following technologies:

- **Adaptive testing** that determines skill level in the shortest amount of time by utilizing techniques whereby a test gets harder the more questions answered correctly, and gets easier the more questions answered incorrectly. In this way, skilled candidates are not wasting time answering questions that are too easy, and lesser-skilled candidates are not struggling with questions beyond their ability.

- **Multi-skill testing** which combines testing on all of the knowledge, skills and abilities required for a particular job into a single test. Staffing companies are not placing Excel users, but accountants or bookkeepers that must know Excel, basic accounting and other knowledge and skills. Multi-skill testing reflects the job, not a specific skill that may be tested inconsistently from office to office.
- **Integrated reporting** that eliminates the need of untrained placement consultants to interpret test results by providing such interpretation automatically in the context of the overall job. Such reporting is also informative and attractive enough to provide a useful marketing piece that staffing companies can use when presenting to clients.
- **Psychological testing** that tests on not just skills, but aptitudes and attitudes to determine job-fit beyond a certain set of skills
- **Integration of testing** with other elements of the front and back office, including online application processing, resume generation, employee management, accounting and training

Third-wave testing also builds on (although does not necessarily require) innovations created during the second wave (notably test customization and Internet delivery) to provide the tools needed for staffing services to create an effective testing strategy.

Testing Strategy

Think about the strategic considerations and outcomes of implementing testing solutions to date:

First Wave:

- I test because my competitors test
- I test using the same product my competitor tests with
- My primary marketing consideration is getting high test scores
- While my testing system has over fifty tests available, I still fit testing into the time allowed, which means most of my job candidates take a typing and WordPerfect test before going out on the job

Second Wave:

- I test because my competitors test
- I try to use a different testing system than my direct competitors to distinguish my service from theirs
- My primary marketing consideration is still high test scores, although some customers expect me to prove that these results are accurate
- While my testing system has over 400 tests available, I still fit testing into the time allowed, which means most of my job candidates take a typing and Word for Windows test before going out on the job

Considering the number of technology innovations in the last 15 years (Internet testing, performance-based testing, etc.), the fundamentals of testing strategy have moved very little in two decades. In fact, some of the issues faced by staffing firms today (notably margins, which is really a reflection of commoditization of staffing services), are the result of failure to turn an operational asset (testing) into a marketing asset that translates into dollars (via increased placements or improved margins).

Third Wave testing strategy turns testing from an operational necessity to a strategic tool in three critical areas:

- **Recruiting** - By streamlining the recruitment process by removing a testing bottleneck, recruitment becomes more efficient and effective
- **Placement** - By replacing disjointed, me-too test reports with attractive, informative interpretive maps of job candidate's, job-based knowledge, skills and abilities testing becomes a marketing differentiator, more effective than the most expensive brochures
- **Margins** - The only way to prevent margin erosion is to not just claim to provide high quality job candidates, but to be seen to do so with each and every placement. Thus the importance of not just getting high scores from a testing system, but accurate and informative results that can allow placement consultants to make quick decisions that lead to better placements at the highest possible margin

Consider the following scenario:

Two job candidates inquire about working for a staffing firm. One is a slow typist, but an expert user of Microsoft Word. The second is a fast typist, but with limited experience in using word processing software.

Operating under First and Second Wave Testing Strategy, both candidates visit your office, sit down at computers (or wait their turn at a single computer) and take a standardized Typing and Word test. After 45-50 minutes of testing, each candidate's typing speed and Word skills are confirmed. A consultant reviews each candidate's application and printed results sheets, and uses any remaining time (in one case, just a few minutes since the candidate has applied for work during her lunch hour from another job) to conduct an interview.

In contrast, a third-wave strategy would include the following:

- Both candidates fill out a job application and are tested online from home using a Third Wave testing product that tests all of the skills required for a clerical job.

(By warning each candidate that he or she may be retested when they visit your office the next day, the threat of cheating is minimized)*

- By the time the candidates reach your office, your consultant has their applications and interpretive reports of test scores in hand
- Time once spent filling out applications and taking tests in the office can now be spent on more in-depth interviewing or processing of additional candidates. This makes recruitment more efficient (more candidates processed in less time), cost effective (less in-office resource needed to be dedicated to testing) and pleasant for the candidate (who does not need to spend an hour or more being tested, either in your office or at home)
- Data obtained from testing provides information on a range of job-related skills that can be used to pinpoint additional testing or training activities designed to increase the placement possibilities and margin potential for every candidate. For example, a candidate who scores well on the Microsoft Word portion of a clerical test can use their time in the office to be tested on advanced Word functionality. Since an advanced Word user is easier to place at a higher margin than a lower skilled user, testing in your office has been used to maximize the value of each placement.

Think about this last statement for a moment. Until now, most staffing firms have used up valuable office time on the part of both their consultants and job candidates to do enough testing to measure every candidate by a generic standard (often the same generic standard used by every competitor). In short, you are spending your time and money to make the recruitment process MORE difficult and costly, LESS pleasant for candidates, all so you can prove to your customer base that your candidates are INDISTINGUISHABLE from anyone else's.

Does that make business sense to you?

A few years ago, I was asked to join a panel discussion. On stage were executives from testing companies serving the staffing industry. In the audience were owners of staffing firms. The notable thing about the event was that there were more people on stage than in the audience.

Where was everyone else?

Most of them were attending a marketing seminar next door that promised to explain how they could make their services stand out from competitors. In other words, rather than learn how to use an operational asset that most of them had already paid for (testing), an

* It should be noted that at-home testing is not required for this strategy to be effective since using Third-Wave testing solutions in your office can cut testing time by as much as two-thirds, providing many of the benefits outlined in this scenario. Testing at home (with appropriate security provisions) is simply a means to cut in-office testing time potentially to zero.

asset that had the ability to help services actually distinguish themselves from competitors, most owners preferred to learn how to spend more money on the latest marketing gimmick that might create the illusion of distinctiveness.

During the First and Second Wave testing eras, an attitude that treated testing as an operational expense rather than a strategic asset integral to recruitment, placement and margin issues might have made sense. No longer. It is just a question of time to see which firms embrace the Third Wave early and reap the rewards, and who decides that business as usual is good enough.

And if anyone in this latter category is interested, I have a copy of WordStar to sell you, cheap.