

# Testing Strategy and the Coming Third Wave

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## THE FIRST WAVE

When automated testing was first introduced in staffing in the late 1980s, it represented a *paradigm shift* in this industry. Prior to the availability of these products, skills testing had been administered using written, multiple-choice questionnaires. New products from companies like Kelly Services and Qwiz utilized a technology called *performance-based testing*, which presented test takers with interactive simulations of software products like WordStar and WordPerfect and asked them to demonstrate their skill by performing real functions.

This automated approach to assessing critical skills like typing speed and accuracy and proficiency with software truly revolutionized the staffing industry. Simply put, the ground had shifted and something new and innovative permanently replaced what was there before. This transformation represented the First Wave of testing in the staffing services industry.

## THE SECOND WAVE

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

Second wave testing involved more test vendors (such as SkillCheck, Prove It and Presenting Solutions) providing more content (including accounting, call center, computer programming, and other skills tests) and more delivery options (notably, Internet-based testing). Some vendors provided the means for staffing companies to create custom assessments, allowing

them to differentiate themselves further.

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.

## NEW TECHNOLOGY, OLD PARADIGM

Second Wave testing includes many technical breakthroughs at which users of First Wave testing products should marvel. Yet how much has this new technology actually transformed the staffing industry?

Consider the following **First Wave** and **Second Wave** scenarios:

### First Wave

A staffing company runs testing software on a standalone DOS PC. While the testing system has over 30 tests available, almost all candidates are tested on just 2-3 applications (normally typing, WordPerfect

and Lotus 1-2-3). Staffing consultants interpret text-based reports in an ad hoc fashion, and occasionally present test reports to customers if the scores are deemed high enough.

### Second Wave

A staffing company delivers all testing over the Internet. While the testing system has over 400 tests available, almost all candidates are tested on just 2-3 applications (normally typing, Microsoft Word and Excel). Staffing consultants interpret text-based reports in an ad hoc fashion, and occasionally present test reports to customers if the scores are deemed high enough.

For all of the new content and new delivery technology represented by Second Wave testing, what actually transpires as the testing component of the hiring process has changed relatively little.

## TESTING STRATEGY AND THE THIRD WAVE

What has been lacking in the testing arena is not so much new technology but new testing strategy, one that takes into account the most important issues of a staffing company, notably:

- **Recruiting** – How can testing provide more meaningful information in less time to make the recruitment process more accurate and efficient?
- **Sales and Marketing** – How can test scores be used to market and sell a staffing company's recruits in an era when all competitors do some form of testing?
- **Margins and Retention** – How can testing help maximize the return on each and every placement, ensuring long-term

placement at the highest possible margin?

Third Wave testing is a set of technologies and strategies that focus on these critical areas, as opposed to First and Second Wave strategies that basically boil down to "I test because my competitors do, and all I care about is high test scores."

The Third Wave includes:

- Adaptive testing and other technical advances that determines skill level in a fraction of the time of traditional testing.
- Multi-skill testing that tests all skills for a particular job in a single test or test battery.
- Integrated, attractive reporting that provides meaningful, well-formatted information that can be used to interpret test results or sell recruits.
- Psychological testing that measures aptitudes and attitudes to determine job-fit beyond skills.
- Integration of testing with other elements of the front and back office, including online application processing, employee management, and training.

Third-wave testing also builds on 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.

Third-wave testing dramatically reduces the time it takes to determine a candidate's competencies in ALL of the skills required for a particular job, resulting in faster in-office processing, more in-depth interviews, and more time to administer advanced, customized, or targeted job-specific assessments which translates into more highly qualified candidates and higher margins.

### WHY THIRD WAVE?

Think about the current situation in the staffing industry. Until

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now, most staffing firms have wasted valuable time testing every candidate by the same generic standard used by nearly every competitor. In short, they have been spending MORE time making the recruitment process MORE difficult and costly, LESS pleasant for candidates, so in the end their candidates are INDISTINGUISHABLE from anyone else's.

Does that make business sense to you?

During the First and Second Wave testing eras, testing was

treated as an operational expense rather than a strategic asset integral to recruitment, placement and margin issues might have made sense. Today, innovative staffing firms view testing as a strategic asset integral to recruitment, placement and margin issues. The landscape is littered with situations where a "same-old-same-old" approach to technology lead to oblivion (does anyone remember Multimate?). Third Wave testing offers staffing services a way to avoid the same fate.