

## Checkr and Fair Chance Hiring

*Cate Reavis, Daniel Dart, and Blake Blaze*

*The marketing of background check companies is basically a message of fear. ‘You, business owner, might have a criminal in your company. And you need to find them. Otherwise, they can do something bad in your company and you’re going to be liable and it’s going to be terrible.’ Selling with fear is not the right thing. My idea was let’s try to understand the problem, talk to candidates, and see if we could be a positive force. Let’s do the opposite of what the industry’s doing.*

– Daniel Yanisse, Cofounder and CEO, Checkr

In the months after launching their background check tech startup Checkr in 2014, CEO Daniel Yanisse and his cofounder Jonathan Perichon began noticing something troubling. While the company’s software technology was working as designed, producing fast and accurate background checks for its mainly gig economy customers, job candidates who had conviction records, a high percentage being Black and Hispanic, were being turned down for jobs at alarming rates.

Yanisse and Perichon, both French and software engineers, did not know a lot about the U.S. justice system. “When we saw the results and the fact that everyone was binarily selected or rejected, we felt like this is not just unfair, but kind of a missed opportunity,” Yanisse recalled. “We said, ‘What if we used technology to help customers understand that risk assessment when it comes to hiring is not just black and white?’”

By early 2024, the privately owned company, valued at \$5 billion (since its launch it had raised \$678 million) with annual revenue in the hundreds of millions of dollars, was a leading voice in the fair chance hiring movement. Fair chance hiring, also known as second chance hiring, referred to the practice of offering fair and equal job opportunities to individuals with records.<sup>1</sup> Checkr itself was a fair chance employer: 4% of the tech company’s employees were people with records.

---

This case study was prepared by Cate Reavis, Associate Director, Curriculum Development; Daniel Dart (eMBA '24); and Blake Blaze (MBA '25).

Copyright ©2024 by Massachusetts Institute of Technology. This work is licensed under the Creative Commons Attribution-Noncommercial-No Derivative Works 3.0 Unported License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc-nd/3.0/> or send a letter to Creative Commons, 171 Second Street, Suite 300, San Francisco, California 94105, USA.

Proponents of the fair chance movement emphasized that increasing fairness did not mean lowering hiring standards.<sup>2</sup> Nor did it mean that everyone with a record would be an appropriate or successful hire. It was about giving people a fair chance to access jobs they were qualified for. Checkr’s mission reflected this belief: “To build a fairer future by designing technology to create opportunities for all. We believe all candidates, regardless of who they are, should have a fair chance to work.” At the same time, Checkr was committed to safety. Its products needed to help customers decide which candidates were safe to hire and which ones might pose a threat to their business.

In 2021, the company further committed to its fair chance hiring mission when it signed the corporate philanthropy Pledge 1%, thereby pledging 1% of employee time, 1% of products, 1% of equity, and 1% of company profits every year to its fair chance mission. Its newly formed Corporate Social Responsibility (CSR) division, led by Ken Oliver who had spent 24 years in prison, was responsible for operationalizing the company’s mission and its 1% pledge. Meanwhile, Checkr’s foundation Checkr.org, also headed by Oliver, was involved in advocacy, fundraising, and grantmaking to further the fair chance movement outside of the company. The foundation was supported by Checkr’s 1% pledge.

But, despite all that Checkr was doing, Yanisse wanted to broaden the movement. He wanted more companies, small and large, private and public, to commit to and implement fair chance hiring practices.

It wasn’t the operational part that was challenging. At a time when social justice movements like diversity, equity, and inclusion (DEI) and environmental, social, and governance (ESG) were getting pushback in the business world,<sup>3</sup> the biggest challenge for Yanisse, and the fair chance movement as a whole, was getting the top leadership of large public companies that relied on skilled labor to embrace the concept that a socially conscious mission – or even socially conscious business practices like fair chance hiring – could help fuel a for-profit business. The key, from what Yanisse had learned, was ensuring that the mission, business practices, and financial well-being of the company, and, in the case of public companies, shareholder and board support, remained aligned. It also required recognizing a pending misalignment between the mission and business, and knowing how to reconcile the two before the business became imperiled. There were examples of CEOs who had been pushed out by their boards for their dedication to socially conscious business practices at the expense of higher financial returns.<sup>4</sup>

Yanisse believed that fair chance hiring was a good thing to embrace, and, equally important, it was right for businesses looking for talent. But he also knew that the movement’s success was wholly dependent on the success of a business. For without one, there was no fair chance hiring.

### **The Justice-Impacted**

In 2024, roughly 80 million people in the United States had arrest or conviction records equal to over one-third of the country’s workforce (**Exhibit 1**). Those with records were predominantly Black or Hispanic. Of the 1.2 million people in state or federal prisons, 93% were male, 32% were Black (14%

of U.S. population), and nearly 24% were Hispanic (19% of U.S. population).<sup>5</sup> According to the Bureau of Justice Statistics, mass incarceration cost the U.S. taxpayers more than \$80 billion a year.<sup>6</sup>

In 2024, more than 600,000 people left prison each year, and another 9 million cycled through jail.<sup>7</sup> Prior to their incarceration, a large percentage of the justice-impacted experienced higher rates of homelessness and unemployment than the non-incarcerated, and those who were employed earned lower incomes (**Exhibits 2a and 2b**). Upon their release, the justice-impacted typically returned to the same life challenges and then some. Those with records faced more than 44,000 collateral consequences – broad-ranging restrictions on the rights and privileges of people with criminal convictions – many of which prevented them from accessing basic needs like employment, housing, and education.<sup>8</sup> The unemployment rate for the formerly incarcerated topped 27%.<sup>9</sup>

Those who found employment upon release typically worked low-wage jobs and earned significantly less than the general population, often not enough to support their basic needs and repay debts accrued because of their incarceration (**Exhibit 3**).<sup>10</sup> Most of those returning couldn't find employment or stopped looking altogether after being rejected for having a record. While the federal government and many states and cities prohibited employers from including the “box” which job applicants check if they have been convicted of a crime, background checks were a hurdle that most people with a conviction didn't clear. According to a 2009 study, 22% of white job candidates with criminal records received callbacks after an interview and 10% of Black job candidates were called back.<sup>11</sup> More than 60% of the justice-impacted were jobless in the four years after their release.<sup>12</sup> (**Exhibit 4** shows joblessness rates for the formerly incarcerated.) This economic and social instability was a key factor fueling recidivism. Studies indicated that two-thirds of those released from prison would be rearrested within three years and more than 50% would be reincarcerated.<sup>13</sup>

As the justice-impacted struggled to find stable employment, the U.S. was dealing with a labor shortage. According to the U.S. Chamber of Commerce, in early 2024, there were 9.5 million job openings and 6.5 million unemployed.<sup>14</sup> Most industries, with the exception of wholesale and retail trade, had a worker shortage (**Exhibit 5**).<sup>15</sup>

As a background check company, Checkr wanted to help U.S. companies source the talent they were overlooking.

## Fair Chance Hiring

While many companies had been practicing fair chance hiring for some time, the movement gained national attention in 2019 when the federal government passed the Fair Chance to Compete for Jobs Act. With some exceptions, the Act prohibits federal agencies and contractors acting on their behalf from requesting an applicant reveal their criminal history until after a job offer has been extended.<sup>16</sup> At the [state level](#), in addition to the 37 states and 150 cities and counties that “banned the box” from state and local government jobs, there were scattered fair chance hiring laws aimed at private employers. As

one example, 15 states mandated private employers to remove conviction history questions from job applications.<sup>17</sup>

A number of private-sector companies practiced fair chance hiring outside of any government requirements. Small enterprises like [Dave's Killer Bread](#), [JBM Packaging](#), and [Nehemiah Manufacturing](#) were often cited in fair chance literature for their commitment to giving people with records the opportunity to make a living.<sup>18</sup> Larger public companies were joining the fair chance hiring movement, as well. In April 2021, JPMorgan Chase cofounded the [Second Chance Business Coalition](#). Its goal: “to encourage the nation’s largest employers to give more people with criminal backgrounds a second chance at the dignity of a good job and a better life.” By 2024, the coalition had nearly 50 members, including Target, Bank of America, Eli Lilly, GM, and Kelly Services.

Proponents of fair chance hiring, such as Daniel Yanisse, talked about its value for companies, the justice-impacted, and society as a whole. For companies, hiring people with conviction records enlarged the talent pool a company had to choose from. As he noted, “There’s so much competition for labor ... there are so many skilled jobs where there’s just not enough qualified talent in the U.S. ... If you want to compete as a business, you have to expand your pool, maybe change some of your criteria.”<sup>19</sup>

Companies that engaged in fair chance hiring saw an enhanced return on investment.<sup>20</sup> Data suggested that the justice-impacted tended to stay in their jobs longer, lowering costly turnover. Checkr’s fair chance attrition rate was 5% compared to 22% for the rest of the company. Fair chance hires also stood out for on-the-job performance. A Society for Human Resource Management (SHRM) survey found that 85% of HR professionals and 81% of business leaders believed that fair chance hires performed the same or better than other employees.<sup>21</sup> This was not surprising to Yanisse:

If you give a chance to someone who’s been rejected hundreds of times, you can imagine that they’re going to be grateful to your company and they will work their very hard to prove not just to your company but to themselves that they are a successful person ... As you build recruiting experience, you learn that some of the best candidates and best employees are the people who might not have the perfect pedigree but are highly motivated to prove themselves.

Travis Westly, a member of Checkr’s fair chance apprentice program, said, “From personal experience, I believe that justice impacted employees are going to work harder than most people because we want to feel valued and seen. We don’t want to be judged by our past. We want to be recognized for the individuals we are today, as someone who contributes, is hardworking, responsible, and an integral part of the team.”

Fair chance hiring helped create a diverse and inclusive workplace beyond gender, race, and sexual orientation. The diversity that fair chance offered was through lived experience and background. As Ken Oliver explained, “We live in a society where people understand that the more diverse perspectives and ideas you have at the table, the better the outcome is going to be.” Jeffrey Korzenik, author of

*Untapped Talent*, a book about the ways in which the fair chance hiring movement is good for business, noted, “The fact of the matter is that one in three Black men in America today has a felony conviction. So, if your DE&I department doesn’t include pathways for fair chance hiring, you’re not accomplishing the mission.”

Diversity, many studies showed, was good for the bottom line. A 2022 study found that diverse companies earned 2.5 times higher cash flow per employee and inclusive teams were 35% more productive.<sup>22</sup> Diversity was shown to improve company culture – employees tended to be happier and more productive.<sup>23</sup> Furthermore, Millennials and Gen Zs strongly believed in social impact and the importance of diversity, and these two groups made up most U.S. consumers.<sup>24</sup>

In addition to addressing labor shortages and enhancing diversity, Oliver pointed out that companies that engaged in fair chance hiring would be better prepared for the future American workforce:

... 52% of kids in public schools now are kids of color. So, when you fast forward 15 years, and those kids are graduating college and entering the workforce you now start to have a workforce that looks a lot different than what our parents’ workforce looked like. And since the justice system touches so many more people of color than it does others at least from a proportional standpoint what does that mean about how we’re going to start to source talent and think about where we get our workers from? How do we reskill and upskill those workers? How do we meet those workers where they’re at based on their demographic and social circumstances?

For the justice-impacted, fair chance hiring meant being given the opportunity to rebuild (or, in many cases, build for the first time) stable lives. The U.S. justice system did not adequately provide the incarcerated with the skills and knowledge needed to successfully reintegrate into society. Nor did it do much to help them post-incarceration.<sup>25</sup> As Oliver explained, punishment for the incarcerated continued after release:

The punishment is that you get a time-out from society and your family and everything else. Losing your freedom is the punishment. The punishment shouldn’t be a continuation. We should be making sure that those who are released are not in a position to recidivate. We should invest in transformation and rehabilitation and then also education and workforce skills and all the things that are going to make people successful ... What we’re doing now – giving people \$100 and sending them to the biggest city near you – hasn’t seemed to work, which is why we have some of the homeless population and other things that are happening in some of the major cities.

Oliver believed that giving the justice-impacted opportunities to “play in different sandboxes” had a social ripple effect for others to say, “Oh, actually, there is light at the end of that tunnel. The middle-class economy is for me. I don’t have to live in this subculture and think that I’m exiled from society.” But those opportunities had to include a livable wage, helping the formerly incarcerated pay off their debts and earn enough to live without worrying if there will be enough money to cover the rent, or fix

the car, or buy food. Oliver defined a livable wage in accordance with the [MIT Living Wage Calculator](#) which estimates, by location, the required hourly wages for a full-time worker to cover the costs of basic needs. A low-paying job reduced recidivism by 20%,<sup>26</sup> but Oliver believed that the rate would be dramatically lowered with a livable wage.

Fair chance hiring practices benefited society. As Oliver noted, “... 95% of people that go to prison come home. The larger question is not the people that go to prison. The larger question is, what do you do with all the people that are getting out of prison?... How do we make sure those who get out of prison, stay out of prison?” Providing the justice-impacted with stable employment with a livable wage helped reduce recidivism and build stronger and safer communities. Furthermore, adding the justice-impacted to the workforce benefited the U.S. economy as a whole. The various barriers to employment for people with records, leaving them underpaid or unemployed, cost the U.S. economy \$78 billion–\$87 billion in lost gross domestic product annually.<sup>27</sup>

Checkr wanted to help people stay out of prison.

## **Checkr**

By 2024, Checkr, with 1,200 employees, completed 30 million background checks annually. Since its early days, it had served over 100,000 customers, from the smallest companies of two people to the largest Fortune 500 organizations with millions of workers.

Checkr was a consumer reporting agency or CRA. It was required to comply with the Fair Credit Reporting Act (FCRA) which helped protect information collected by CRAs on individuals. Among the many laws and regulations Checkr had to comply with, the FCRA required it to assure “maximum possible accuracy” of the information about the individual being reported on (e.g., accurately matching a name with a person). It was also required to certify that the company or organization requesting a consumer report (1) would be using it for employment purposes only; (2) had obtained the applicant’s permission to order a background report; and, (3) wouldn’t discriminate against the applicant or misuse the information in violation of federal or state equal opportunity laws. In addition to complying with the FCRA, Checkr was in the business of protecting companies and, by association, its employees and customers, from making unsafe hires.

In their early days as software engineers with an eye on founding a startup, Yanisse and Perichon weren’t necessarily looking to start a background check company. Prior to Checkr, they worked as software engineers for an on-demand delivery startup that relied heavily on delivery drivers. While there, they both saw firsthand how slow and inefficient the background check process was. Requesting personal information from many different agencies and organizations – local, state, and national – created a bottleneck for staffing up. This was particularly problematic for gig companies whose business model relied on selling the services of drivers or delivery people and needed to continuously hire people fast. The process lacked automation and required lots of paperwork and hours of HR time to review reports for accuracy. It was clearly broken.<sup>28</sup>

Checkr’s founders saw a business problem that they believed technology could help fix. They turned to artificial intelligence (AI). The software they developed was able to sift through thousands of unstructured data sources (e.g., court records, credit records, and employment history), process the data to be sure it was accurate (i.e., belonged to the right person), and was compliant with a patchwork of local, state, and national laws, some of which differed depending on the industry.<sup>i</sup>

As part of the automation process, Yanisse and Perichon developed an application programming interface (API) that allowed customers to build the background check process directly into their internal applications. Included with the API was a dashboard that informed customers on the status of various background checks that Checkr was completing for them.

The company’s automated process saved customers time and money. Roughly 84% of checks were completed within 15 minutes and 92% within four hours, far faster than the traditional mode (**Exhibit 6**). Meanwhile, on the customer side, HR time was no longer tied up verifying the accuracy of reports. The task could be outsourced to a software solution.

There wasn’t one standard background check. Checkr offered a variety of checks customers could choose from. The company’s three most common screens cost anywhere from \$29.99 to \$74.99 (**Exhibit 7**). Customers could also create their own customized packages (**Exhibit 8**). There was also an ongoing verification product that enabled customers to conduct repeat background checks monthly, a requirement for certain regulated industries where safety was paramount.

Checkr not only served customers needing background checks for hiring purposes. It also provided support for candidates, those needing a completed background check in order to get work. Candidates were able to log in to the Checkr website to check on the status of their background report. The company also had a candidate experience team on hand to answer questions or concerns by phone, email, and chat.

But besides the speed and cost savings Checkr’s technology provided customers, and the transparency of the background check process through its dashboard, a number of services and products were directly aligned with its fair chance mission.

### **Checkr’s Introduction to Fair Chance**

A few months after launching Checkr, Yanisse and Perichon noticed that many candidates were being shut out or rejected from job offers because of conviction records; those without records, meanwhile, were moving forward in the application process. Many of the rejected had committed minor, nonviolent offenses like shoplifting, driving violations, or drug possession. As Yanisse recalled,

---

<sup>i</sup> In California, CRAs could only report on convictions that went back seven years except if the applicant was applying for work at a transportation network like Uber and Lyft. Any conviction, no matter how far it went back, was reported on.

I remember a mother in Texas who had five kids and was trying to get an on-demand cleaning job. And she was rejected because of a theft crime she'd done a long time ago. And she was begging us to help her. We didn't want to be a company known for rejecting people. We want to be a company that's known for streamlining the hiring process, helping people get jobs faster, helping companies stay safe and hire the right talent.

Despite their reputation among the justice-impacted, the founders believed that background checks could be used to facilitate fair chance hiring and not as an exclusionary tool. They wanted to flip the narrative and make the background check process an inclusive one. They wanted to develop a process that addressed the business world's fears that employees with records threatened safety, business performance, and reputation, and were a legal liability.<sup>29</sup> They wanted to remove bias, conscious and unconscious, toward criminal records. They didn't want people with records to be defined by a single story.

The one thing missing to help guide them, however, was hard data on companies who had been hiring employees with records before Checkr came along. There was little data on retention, promotion, and performance rates, and how these variables changed depending on low-wage jobs versus livable-wage jobs. It was unclear why there was no data, although there were theories: companies didn't think it was important to track employees by a certain status (education level, criminal record); or they didn't think it was right to single out people with records to gather data and that they shouldn't be considered differently from other employees. For those companies who did track, many kept the data closely held so as not to risk their reputation.<sup>30</sup>

Yanisse decided to do his own research to better understand the population he wanted to help. In 2015, he volunteered with Defy Ventures, a nonprofit that delivered training programs to incarcerated individuals. Yanisse taught a class in entrepreneurship and business to a group of 30. He was "blown away" by the participants' self-awareness and the personal development work they had done: "I was like wow. I would love to have more people like them in my company. I knew they would succeed." It was from this experience that Checkr's mission came into focus.

The question was where to start: "We were not sure that, as a background check company, we could change behaviors. We were not sure businesses were really open to second chances, but we had to try, since that was so core to what we do. And so we started with our own business." The company hired three people that Yanisse had met through his prison teaching with Defy Ventures. After they were trained for their customer support roles and it was clear they were successful hires, Checkr began taking its advocacy to its customers.<sup>31</sup>

### Bringing Fair Chance to Customers

To align customers with Checkr's mission, Yanisse knew the company had to get them to stop thinking of hiring people with records as a binary choice: "Someone with a record is bad so don't hire them." Instead, the message was: widening the top of the talent funnel by no longer excluding so many people



was a win for customers. They would have more people to choose from which would cut down on the resources and time required to hire talent. What was also true in Yanisse's mind, but which Checkr didn't necessarily divulge to customers, was that candidates also won by having opportunities to land stable employment, and society won with lower recidivism rates and by not having to keep 2 million people in prison.

Aside from the various background reports customers could request, Checkr offered two tools that targeted its commitment to fair chance hiring. One such tool was [Candidate Stories](#). Before rejecting a candidate for having a red flag on their background check report due to a previous conviction, companies could request candidates provide more context on their background. The tool helped humanize the person attached to the background check by giving them the opportunity to talk about what they had learned from their involvement with the justice system and who they had become as a result. Since the tool was launched in 2020, nearly 45,000 job candidates with records had submitted candidate stories to Checkr customers and been approved for a role that they likely would not have gotten prior to the tool's introduction.

Another tool, known as [Assess](#), enabled companies to filter candidates by the type of conviction. For example, many companies in states where recreational marijuana was legal, filtered out marijuana conviction charges pre-legalization. Yanisse noted that many employers, even the "most conservative," would say something to the effect of, "Yeah. That's common sense. The crime was minor. I don't care about this flag. It doesn't have an impact on the ability of the person to do the job." Assess also allowed customers to filter out convictions before a certain age like 18 or 21 or those convictions that were older than, say, seven years. Since its launch in 2019, Checkr's assess tool had filtered out records for over 2 million justice-impacted individuals.

For customers who, like Checkr, were committed to implementing fair chance hiring practices, the company's [fair chance dashboard](#) helped them track how their fair chance hiring measured up to [EEOC guidelines](#), which enforced workplace discrimination, including unintentional discrimination against people of color with records,<sup>32</sup> as well as other employers in their region and industry.

Meanwhile, Checkr also offered an important tool for candidates. If they believed that there were ineligible charges on their record, candidates could attempt to get them expunged by using the company's [Expungement](#) tool. By successfully expunging charges, a qualified candidate could expand their reach with potential employers.

## **The Mission and the Organization**

While Checkr was connecting its mission to the business, it was also taking steps to create a close relationship between the mission and its own organization.

Since its first hiring of fair chance talent in 2015, the company had formed dozens of partnerships with nonprofits throughout the country from where it sourced fair chance talent. By 2024, its fair chance

population had grown to nearly 60, a group it was planning to grow by, among other things, tapping into California's vast community college and university system. (See **Exhibit 9** for demographic information on Checkr's fair chance talent.)

Checkr's fair chance talent were not treated any differently from other employees. All new employees attended the same two-day onboarding during which they learned about Checkr's mission and values when it came to justice-impacted individuals. During onboarding, new hires participated in a [simulation](#) which profiled the multiple social, economic, and logistical hurdles that the justice-impacted faced immediately upon release. The simulation was publicly available on Checkr's website.

Checkr left it up to fair chance employees to choose whether and how to disclose their background with their colleagues and managers. With the exception of HR, upon joining the company no one else knew they were justice-impacted. Many fair chance employees were open about their background. There were opportunities for them to share their stories if they felt comfortable – and many did at company get-togethers – but there was no pressure put on them to do so. For Makeda Davis, an engineer who also served as an impact ambassador to help drive regional volunteering for fair chance hiring, having to disclose her background seemed irrelevant in a work environment: “I don't want to be like, ‘Hey. I got stuck on this problem because I'm a fair chance hire.’ Rather, ‘I got stuck on this problem because I'm a human being that doesn't understand.’”

Some fair chance employees became evangelists of sorts for the mission. Davis was one example: “Justice-impacted folk are some of the hardest-working people. I feel like I need to deliver. And not only do I feel like I need to deliver, I'm so appreciative of the opportunity that I want to give the company that gave me the opportunity everything that I can possibly give.” Zach Moore, also an engineer, was another example. He was featured on a billboard in San Francisco advertising Checkr and fair chance hiring. (See **Exhibit 10** for an image of the billboard.)

Checkr's CSR arm, led by Oliver since its 2021 launch, dedicated a lot of its time and resources to working closely with customers who wanted to implement fair chance hiring practices by providing trainings on how to source, onboard, and support talent. But it was also involved in connecting the mission to Checkr's own organization. Each year, employees were given 21 hours in paid time to volunteer with social justice organizations, specifically those that worked with people directly impacted by the justice system. Checkr's CSR team connected fellow employees with these mission-aligned volunteering opportunities.

In July 2023, eager to expand its employment outreach to the justice-impacted, Checkr launched an internal fair chance apprenticeship program. During the 12-month program, headed by the company's CSR division, apprentices received full benefits and were trained on how to use a wide variety of business tools such as Google Suite, Slack, Zoom, and business-related personal skills such as calendaring etiquette. Each of the nine apprentices in the inaugural class was given two mentors: one who was justice-impacted and one who was from the apprentice's direct team.

In addition to giving apprentices the tools and experience to make them better prepared for stable employment in a business setting, Checkr also looked to apprentices' lived experience to strengthen its own fair chance hiring program. When Travis Westly was offered an apprenticeship on the People Team (HR), he recalled being told in his interview that his experience would help the team ensure Checkr's employee handbook included the perspective of the justice-impacted: For example, how should the handbook ensure justice-impacted employees felt safe telling their boss they had to leave work to see their parole officer?

Apprentices were not promised a job at Checkr at the end of their 12-month apprenticeship. This uncertainty was okay with Westly. As he noted, at the very least he would be well prepared to be hired by another fair chance employer.

### **The Mission and the Business: Tightening the Connection**

Toward the end of the COVID-19 pandemic lockdown, Yanisse noticed that Checkr's business and its mission had become a bit misaligned: "Since our mission is so core to what we do," he explained, "we have to be careful not to lose sight of the fact that we're a for-profit capitalistic business. We're not a nonprofit. We need to make sure we attract talent that wants to work for a business, wants to build products, wants to delight customers, wants to make money." There was some concern that employees were becoming less interested in their day-to-day work in marketing, or sales, or product development, and more interested in the volunteering and nonprofit work with the justice-impacted that the company was involved with. As Yanisse explained, "They didn't see the direct connection between their day-to-day jobs and the mission."

Yanisse and his team spent the better part of a year working to clarify and tighten the connection between the mission, Checkr's customers, and the business as a whole. One visual result of their work was the company's mission flywheel. (See **Exhibit 11** for the mission flywheel.) The way Checkr was going to drive mission impact was through its customers. As Checkr's General Counsel Jen Yeh noted, "We are a small company. To drive impact in fair chance hiring, we have to look at the magnitude of hiring that's being done by our customers."

According to Rebecca Rabison, director of product design, there was still interest in moving the mission forward even when it did not directly benefit Checkr's bottom line. She acknowledged, however, that the company needed to be more intentional about when and how it became involved in mission-driven projects: "Our first goal is to build more products that benefit both the mission and the business. We're always looking for those opportunities. For other projects where there isn't a direct path to revenue, we still care about pursuing them, but we look for other ways to make them happen through our non-profit partners or through Checkr.org."

## Conclusion

July 2024 would mark Checkr's 10-year anniversary. Through its products, its own hiring practices, and the work of its CSR division and Checkr.org, the company, under Yanisse's leadership, had become a leading voice for fair chance hiring.

But he wanted more companies to discover the business value of adopting fair chance hiring practices. By expanding the top of the funnel, companies, especially those struggling to fill job vacancies, would have more talent to choose from. Yanisse had seen the benefits up close: Checkr's fair chance talent stayed in their jobs longer and outperformed other employees when it came to loyalty and engagement by 30%.<sup>33</sup>

Expanding the movement also meant sharing lessons he and Checkr had learned along the way, one being the importance of maintaining a tight connection between the mission and the business, while knowing that the mission's ability to thrive was dependent on the strength of the business:

Any time a company finds itself acting on its mission for altruistic and not business reasons, it's not going to go far and be executed aggressively. In order for us to be high performing financially, we need growth and profitability, which comes from customer value. We need to acquire as many customers as possible and deliver valuable, innovative products to them. That converts to growth and profits. And that is the engine that fuels the mission impact.

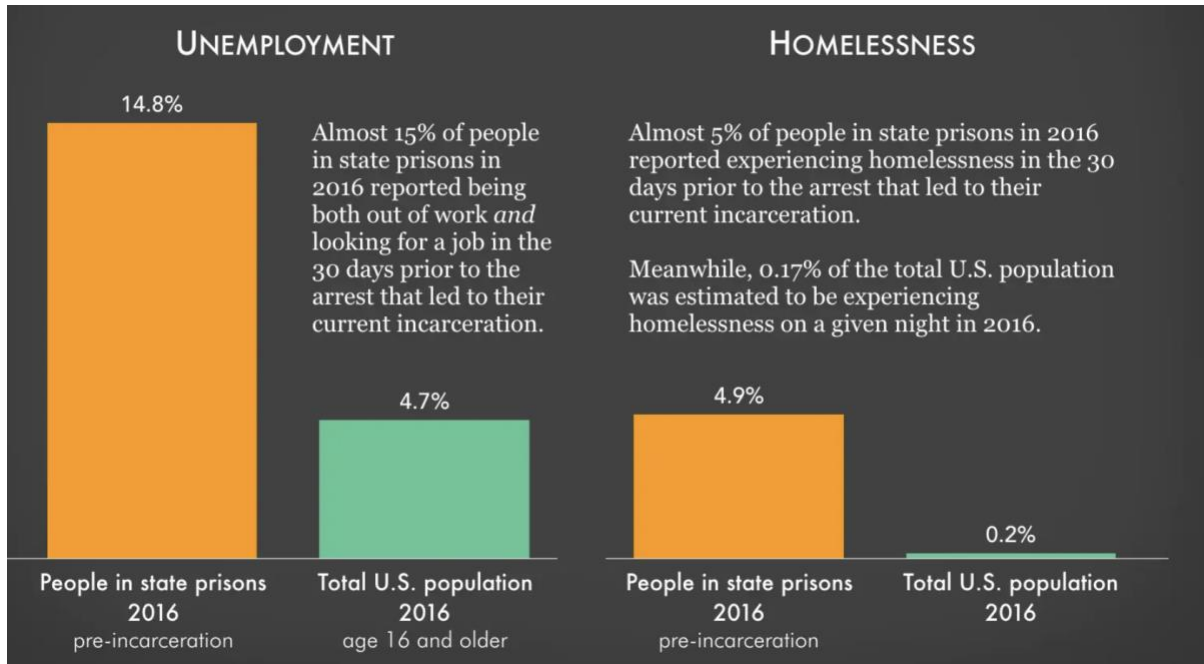
It was possible that Yanisse would soon be convincing new stakeholders to join the fair chance hiring movement. There was buzz in business circles that Checkr was ripe for an initial public offering (IPO). Assuming taking Checkr public was on Yanisse's radar, how should he make the business case for fair chance hiring to potential new stakeholders? How should he speak to its strategic value? What evidence should he be prepared to provide? In what ways might Checkr's mission be challenged? And what should the response be?

**Exhibit 1 Data on Incarceration and Criminal Records in the U.S.**



Source: [Prison Policy Initiative](#).

**Exhibit 2a Pre-Incarceration Rates of Unemployment and Homelessness vs. Total U.S. Population**



Source: [Prison Policy Initiative](#).

**Exhibit 2b Pre-Incarceration Median Annual Incomes vs. Non-Incarcerated**

|          | Incarcerated people (prior to incarceration) |          | Non-incarcerated people |          |
|----------|--|----------|-------------------------|----------|
|          | Men  | Women    | Men                     | Women    |
| All      | \$19,650                                     | \$13,890 | \$41,250                | \$23,745 |
| Black    | \$17,625                                     | \$12,735 | \$31,245                | \$24,255 |
| Hispanic | \$19,740                                     | \$11,820 | \$30,000                | \$15,000 |
| White    | \$21,975                                     | \$15,480 | \$47,505                | \$26,130 |

Note: Median annual incomes for incarcerated people prior to incarceration and non-incarcerated people ages 27–42 in 2014 dollars.

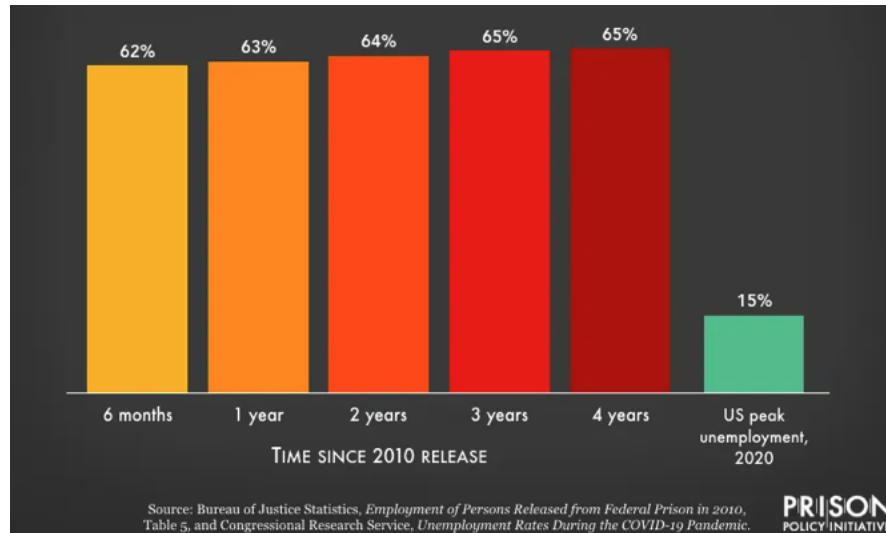
Source: [Prison Policy Initiative](#).

**Exhibit 3 Median Weekly Earnings of Formerly Incarcerated vs. General Population, 2010 vs. 2014**



Source: [Prison Policy Initiative](#).

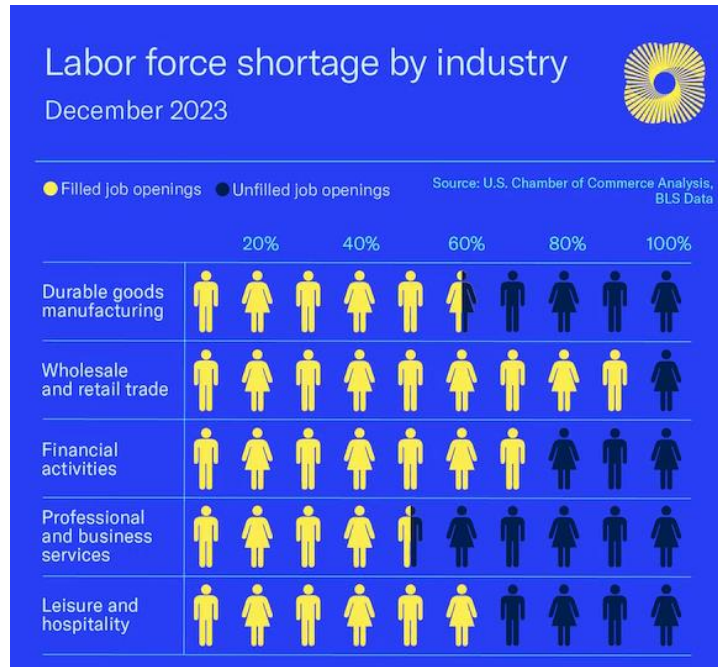
**Exhibit 4 Joblessness Rates for Formerly Incarcerated, 2010 vs. 2014**



Note: Data based on a group of 51,500 people researched from federal prison in 2010. Joblessness refers to people without a job and who are not necessarily looking. Unemployment refers to people without a job who are actively looking.

Source: [Prison Policy Initiative](#).

**Exhibit 5 Labor Force Shortage by Industry**



Source: [U.S. Chamber of Commerce](#).

**Exhibit 6 Background Check Timelines for Traditional Companies**

| Type of screening   | Average turnaround time                                     |
|---|---|
| Employment background check<br><i>(a more comprehensive report that typically includes multiple screenings)</i> | >1 hour to 1-5 days   |
| Criminal background check   | 1-3 days  |
| Employment verification   | 1-3 minutes (quick verification) to 2-7 days (manual entry) |
| Reference checks  | 2-5 days  |
| Driving record (MVR) check  | >1 hour to 1-3 business days                                |
| Drug testing  | 10 minutes (onsite) to 3-10 days (lab-based)                |

Source: [Checkr](#).



**Exhibit 7 Checkr Background Check Products**

| Product   | Price   | Key Features   |
|---|---|--|
| <b>Basic+</b><br>Quickest and most basic  | starting from <b>\$29<sup>99</sup>/check</b><br>Up to \$40 off first order* | <ul style="list-style-type: none"><li>• SSN Trace</li><li>• Sex Offender Registry</li><li>• Global Watchlist Records</li><li>• National Criminal Records</li></ul>   |
| <b>Essential</b><br>More complete criminal history<br><small>MOST POPULAR</small> | starting from <b>\$54<sup>99</sup>/check</b><br>Up to \$40 off first order* | <ul style="list-style-type: none"><li>• SSN Trace</li><li>• Sex Offender Registry</li><li>• Global Watchlist Records</li><li>• National Criminal Records</li><li>• Unlimited County Criminal Search</li></ul>  |
| <b>Professional</b><br>Also verify education and employment                       | starting from <b>\$79<sup>99</sup>/check</b><br>Up to \$40 off first order* | <ul style="list-style-type: none"><li>• SSN Trace</li><li>• Sex Offender Registry</li><li>• Global Watchlist Records</li><li>• National Criminal Records</li><li>• Unlimited County Criminal Search</li><li>• Education Verification (Highest level)</li><li>• Employment Verification (Current)</li></ul> |

Source: [Checkr](#).

**Exhibit 8 Background Check Prices**

## Package add-ons

You can customize your background check package with the following products.

|  |                           |   |
|--|---------------------------|---|
| Federal Criminal Records Search                    | \$10/check                | ∨ |
| Motor Vehicle Report (MVR)                         | \$9 <sup>50</sup> /check  | ∨ |
| Current Employment Verification                    | \$12 <sup>50</sup> /check | ∨ |
| Previous Employment Verification                   | Starting from \$15/check  | ∨ |
| Education Verification                             | \$12 <sup>50</sup> /check | ∨ |
| Professional License Verification                  | \$12/check                | ∨ |
| Fraud and Abuse Control Information System (FACIS) | Starting from \$6/check   | ∨ |
| Clinic-Based Drug Testing                          | Starting from \$60/check  | ∨ |
| Onsite Drug Testing                                | Starting from \$37/check  | ∨ |
| Continuous Crim                                    | \$1 <sup>70</sup> /check  | ∨ |
| Assess Standard                                    | \$2 <sup>40</sup> /check  | ∨ |
| Credit   | \$8/check                 | ∨ |
| Global Watchlist Search                            | Starting from \$9 a check | ∨ |

Source: [Checkr](#).

**Exhibit 9 Select Data on Checkr's Fair Chance Talent**

| Offense Type       | Total     | %      |
|--------------------|-----------|--------|
| Not available      | 7         | 13.46% |
| Nonviolent         | 31        | 59.62% |
| Serious            | 1         | 1.92%  |
| Violent            | 13        | 25.00% |
| <b>Grand Total</b> | <b>52</b> |        |

| Gender             | Total     | %      |
|--------------------|-----------|--------|
| Female             | 16        | 30.77% |
| Male               | 36        | 69.23% |
| <b>Grand Total</b> | <b>52</b> |        |

| Current Job Level        | %          |
|--------------------------|------------|
| Entry level              | 67%        |
| Mid level                | 21%        |
| <b>Manager and above</b> | <b>12%</b> |

| Race/Ethnicity  | Total     | %      |
|---|-----------|--------|
| Asian/Asian American (United States of America)                               | 3         | 5.77%  |
| Black or African American (not Hispanic or Latinx) (United States of America) | 11        | 21.15% |
| Hispanic or Latinx (United States of America)                                 | 4         | 7.69%  |
| I do not wish to answer (United States of America)                            | 2         | 3.85%  |
| Two or More Races (United States of America)                                  | 7         | 13.46% |
| White (not Hispanic or Latinx) (United States of America)                     | 25        | 48.08% |
| <b>Grand Total</b>  | <b>52</b> |        |

Source: Checkr.

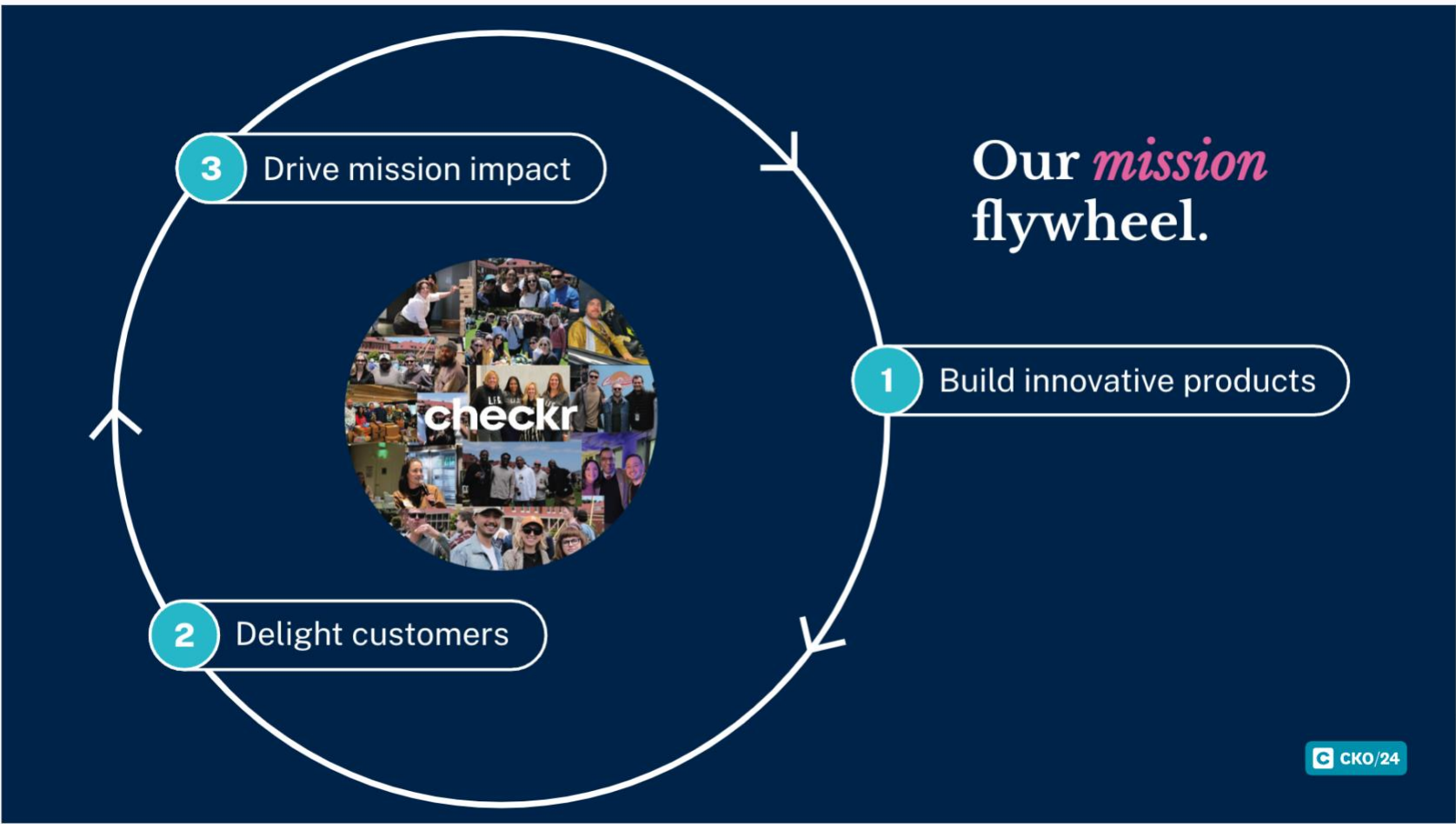
CHECKR AND FAIR CHANCE HIRING  
Cate Reavis, Daniel Dart, and Blake Blaze

**Exhibit 10** *Billboard of Fair Chance Engineer at Checkr*



Source: Checkr.

Exhibit 11 Checkr's Mission Flywheel



Source: Checkr.

## Endnotes

---

<sup>1</sup> <https://secondchancebusinesscoalition.org/why-it-matters#:~:text=Second%20chance%20employment%2C%20the%20practice.and%20society%20as%20a%20whole>, accessed February 1, 2024.

<sup>2</sup> “The Diversity Group You’re Overlooking: How to Be a Fair Chance Employer,” *Checkr*, March 2021 (<https://www.prosperco.org/wp-content/uploads/2021/03/How-to-Be-a-Fair-Chance-Employer-Checkr-web.pdf>), accessed February 3, 2024).

<sup>3</sup> David Bell, “What’s Next for Diversity Shareholder Proposals,” *Harvard Law School Forum on Corporate Governance*, October 8, 2023 (<https://corpgov.law.harvard.edu/2023/10/08/whats-next-for-diversity-shareholder-proposals/>), accessed February 14, 2024).

<sup>4</sup> “A Top CEO Was Ousted After Making His Company More Environmentally Conscious. Now He’s Speaking Out,” *Time*, November 21, 2021 (<https://time.com/6121684/emmanuel-faber-danone-interview/>), accessed February 14, 2024).

<sup>5</sup> E. Ann Carson, “Prisoners in 2021,” *U.S. Department of Justice. Office of Justice Programs, Bureau of Justice Statistics*, December 2022 (<https://bjs.ojp.gov/sites/g/files/xyckuh236/files/media/document/p21st.pdf>), accessed January 12, 2024).

<sup>6</sup> Casey Kuhn, “The U.S. Spends Billions to Lock People Up, but Very Little to Help Them Once They’re Released,” *PBS NewsHour*, April 7, 2021 (<https://www.pbs.org/newshour/economy/the-u-s-spends-billions-to-lock-people-up-but-very-little-to-help-them-once-theyre-released>), accessed February 12, 2024).

<sup>7</sup> <https://aspe.hhs.gov/topics/human-services/incarceration-reentry-0>, accessed February 5, 2024.

<sup>8</sup> “Collateral Consequences: The Crossroads of Punishment, Redemption, and the Effects on Communities,” *U.S. Commission on Civil Rights*, June 2019 (<https://www.usccr.gov/files/pubs/2019/06-13-Collateral-Consequences.pdf>), accessed February 12, 2024).

<sup>9</sup> Lucius Couloute and Daniel Kopf, “Out of Prison & Out of Work: Unemployment Among Formerly Incarcerated People,” *Prison Policy Initiative*, July 2018 (<https://www.prisonpolicy.org/reports/outofwork.html#:~:text=Our%20analysis%20shows%20that%20formerly,period%2C%20including%20the%20Great%20Depression>), accessed February 20, 2024).

<sup>10</sup> Leah Wang and Wanda Bertram, “New Data on Formerly Incarcerated People’s Employment Reveal Labor Market Injustices,” *Prison Policy Initiative*, February 8, 2022, (<https://www.prisonpolicy.org/blog/2022/02/08/employment/>), accessed January 30, 2024).

<sup>11</sup> Devah Pager, Bruce Western, and Naomi Sugie, “Sequencing Disadvantage: Barriers to Employment Facing Young Black and White Men with Criminal Records,” *Annals, AAPSS*, May 2009, p. 200 ([https://scholar.harvard.edu/files/pager/files/annals\\_sequencingdisadvantage.pdf](https://scholar.harvard.edu/files/pager/files/annals_sequencingdisadvantage.pdf)), accessed February 12, 2024).

<sup>12</sup> Leah Wang and Wanda Bertram, “New Data on Formerly Incarcerated People’s Employment Reveal Labor Market Injustices,” *Prison Policy Initiative*, February 8, 2022, (<https://www.prisonpolicy.org/blog/2022/02/08/employment/>), accessed January 30, 2024).

<sup>13</sup> <https://aspe.hhs.gov/topics/human-services/incarceration-reentry-0>, accessed February 5, 2024.

<sup>14</sup> Stephanie Ferguson, “Understanding America’s Labor Shortage,” *U.S. Chamber of Commerce*, January 9, 2024 (<https://www.uschamber.com/workforce/understanding-americas-labor-shortage#:~:text=We%20hear%20every%20day%20from.only%206.5%20million%20unemployed%20workers>), accessed January 28, 2024).

- 
- <sup>15</sup> Stephanie Ferguson and Makinizi Hoover, “Understanding America’s Labor Shortage: The Most Impacted Industries,” *U.S. Chamber of Commerce*, February 13, 2024. (<https://www.uschamber.com/workforce/understanding-americas-labor-shortage-the-most-impacted-industries#:~:text=As%20of%20September%202023%2C%20including,construction%2C%20and%20transportation%20and%20utilities>, accessed February 20, 2024).
- <sup>16</sup> “Fair Chance to Compete for Jobs,” *Federal Register*, September 1, 2023 (<https://www.federalregister.gov/documents/2023/09/01/2023-18242/fair-chance-to-compete-for-jobs#:~:text=With%20some%20exceptions%2C%20the%20Fair,of%20employment%20to%20that%20applicant>, accessed February 12, 2024).
- <sup>17</sup> Beth Avery and Han Lu, “Ban the Box: U.S. Cities, Counties, and States Adopt Fair Hiring Practices,” *National Employment Law Project*, October 1, 2021 (<https://www.nelp.org/publication/ban-the-box-fair-chance-hiring-state-and-local-guide/>, accessed February 12, 2024).
- <sup>18</sup> Jeffrey D. Korzenik, *Untapped Talent: How Second Chance Hiring Works for Your Business and the Community* (Nashville: HarperCollins Focus, 2021), pp. 123, 145.
- <sup>19</sup> “Assessing AI-Boosted Background Checks,” *Managing the Future of Work – Harvard Business School*, May 31, 2023 (<https://www.hbs.edu/managing-the-future-of-work/podcast/Pages/podcast-details.aspx?episode=26997153>, accessed February 3, 2024).
- <sup>20</sup> Daniel Yanisse, “When a Company Doesn’t Hire Ex-Offenders, It Misses Out on 3 Big Benefits,” *Barron’s*, December 6, 2019.
- <sup>21</sup> “New SHRM and CKI Survey Highlights Value of Workers with Criminal Records,” *SHRM*, May 10, 2021 (<https://www.shrm.org/about/press-room/new-shrm-cki-survey-highlights-value-workers-criminal-records>, accessed January 30, 2024).
- <sup>22</sup> “Diversity and Inclusion (D&I) Global Market Report 2022,” *Research and Markets*, August 9, 2022 (<https://www.globenewswire.com/news-release/2022/08/09/2494604/0/en/Diversity-and-Inclusion-D-I-Global-Market-Report-2022-Diverse-Companies-Earn-2-5-Times-Higher-Cash-Flow-Per-Employee-and-Inclusive-Teams-Are-More-Productive-by-Over-35.html>, accessed January 10, 2024).
- <sup>23</sup> Matt Krentz, Ashley Dartnell, et al., “Inclusive Cultures Have Healthier and Happier Workers,” *Boston Consulting Group*, September 14, 2021 (<https://www.bcg.com/publications/2021/building-an-inclusive-culture-leads-to-happier-healthier-workers>, accessed February 13, 2024).
- <sup>24</sup> “Gen Z In the Workplace: How Should Companies Adapt?” *Johns Hopkins University*, April 18, 2023 (<https://imagine.jhu.edu/blog/2023/04/18/gen-z-in-the-workplace-how-should-companies-adapt/>, accessed February 12, 2024).
- <sup>25</sup> Casey Kuhn, “The U.S. Spends Billions to Lock People Up, but Very Little to Help Them Once They’re Released,” *PBS NewsHour*, April 7, 2021 (<https://www.pbs.org/newshour/economy/the-u-s-spends-billions-to-lock-people-up-but-very-little-to-help-them-once-theyre-released>, accessed February 12, 2024).
- <sup>26</sup> Jeffrey D. Korzenik, *Untapped Talent: How Second Chance Hiring Works for Your Business and the Community* (Nashville: HarperCollins Focus, 2021), p. 50.
- <sup>27</sup> Cherrie Bucknor and Alan Barber, “The Price We Pay: Economic Costs of Barriers to Employment for Former Incarcerated individuals and People Convicted of Felonies,” Center for Economic and Policy Research, 2016 (<http://cepr.net/images/stories/reports/employment-prisoners-felonies-2016-06.pdf>, accessed February 2, 2024).

<sup>28</sup> Walter Pavlo, “High Tech Firm Checkr Solving Criminal Record Discrimination on Background Checks,” *Forbes*, August 31, 2021 (<https://www.forbes.com/sites/walterpavlo/2021/08/31/high-tech-firm-checkr-solving-criminal-record-discrimination-on-background-checks/?sh=6712f27b3ca9>, accessed February 7, 2024).

<sup>29</sup> Jeffrey D. Korzenik, *Untapped Talent: How Second Chance Hiring Works for Your Business and the Community* (Nashville: HarperCollins Focus, 2021), p. 136.

<sup>30</sup> *Ibid.*, p. 55.

<sup>31</sup> “Assessing AI-Boosted Background Checks,” *Managing the Future of Work – Harvard Business School*, May 31, 2023 (<https://www.hbs.edu/managing-the-future-of-work/podcast/Pages/podcast-details.aspx?episode=26997153>, accessed February 3, 2024).

<sup>32</sup> “What the FCRA and EEOC Mean for Your Background Check Process,” *Checkr*, April 20, 2023 (<https://checkr.com/blog/an-introduction-to-the-fcra-and-eoc>, accessed February 5, 2024).

<sup>33</sup> <https://checkr.com/company/mission/our-fairness-commitment>, accessed February 20, 2024.