

CASE STUDY

THE POWER OF ART, DESIGN, CULTURE, HERITAGE, AND CREATIVITY

A robot that prints art on fingernails? It was by far the buzziest of the buzzy entries at a social business plan competition in the summer of 2017. Its developer, Preemadonna, is a technology company “that builds smart products to power creative platforms and inspire self-expression.” Its first product, The Nailbot, laser prints art, emojis, pictures and designs directly onto fingernails from a person’s phone in less than five seconds. By purchasing the device, entrepreneurs can sell unique and intricate swipes to friends, family, and anyone else with nail-art flair. More importantly, it inspires the ambitions of women and girls from a young age.

“What really grabbed me was the focus on empowering girls to be creative,” says Laura Callanan, a competition judge and founder of Upstart Co-Lab, an impact investment initiative focused on growing and strengthening the creative economy as a catalyst for global change.

In 2018, Upstart partnered with Spanx inventor/microloan advocate Sara Blakely to source and screen early stage investment opportunities that backed female entrepreneurs in the creative economy. Preemadonna was their first company.

“What makes Preemadonna so interesting is they are looking to build a life-long community of engaged, empowered, creative women. Nail art for pre-teen girls is just the start,” Callanan adds.

Since 2016, Upstart has explored how the creative economy in the United States, now valued at \$763 billion, can be more inclusive, equitable, and sustainable overall.

Callanan points to British author John Howkins, who in 2001 coined the term “creative economy” as a new way of thinking and doing that revitalizes manufacturing, services, retailing, and entertainment industries with a focus on individual talent or skill, and art, culture, design, and innovation. It’s a key to stabilizing threatened communities, in particular, and ensuring their affordability and sustainability regardless of geographic location.

“Today, creative economy definitions are typically tied to efforts to measure economic activity in a specific geography,” she explains. “A relevant set of art, culture, design, and innovation industries is determined, and the economic contribution of those industries is assessed within a region. A unique set of industries defines each local creative economy reflecting the culture, traditions, and heritage of that place.”

Upstart Co-Lab research finds that 24 percent of B Corporations in the United States are in the creative economy, and, anecdotally, that many entrepreneurs in



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the creative economy gravitate toward a social purpose business as opposed to a conventional business.

For that reason — and contrary to conventional wisdom — Upstart found impact investing opportunities in the creative economy are not only available, but numerous, although it’s largely a case of “hiding in plain sight.”

Indeed, Upstart Co-Lab identified more than 100 funds, representing an estimated \$60 billion AUM that have been active in the creative economy. Yet, a lack of visibility and intention means “that when investors ask their wealth advisors for opportunities to invest for impact in the creative economy, they are told the opportunities don’t exist. This simply is not true.”

“In the United States, museums, performing arts centers, and other institutions connected to art, design, culture, heritage, and creativity have more than \$58 billion in assets under management but have been sitting on the sidelines of impact investing,” Callanan concludes. “The creative economy can be the door to welcome these institutions into a larger conversation about aligning their financial assets with their missions and values.”

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