

# Upstart Co-Lab Aims To Create A \$100 Million Portfolio Of Creative Economy Funds, Companies

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Seven years ago, Laura Callanan founded Upstart Co-Lab, an impact investing nonprofit aimed at funding creative economy companies. She developed her strategy after consulting with pioneers of gender lens investing, to see how they went about creating a new investing category from scratch in a short time. “They told me there were three stages: Make the case. Build the coalition. And bring investable products to market,” she says.



Stockade Boot Camp 2021

Chuck Merrihew

Callanan, the former senior deputy chairman of the National Endowment for the Arts, methodically followed that blueprint. For the first few years, she went about making the case to potential investors and others with research reports, talks, pilot programs, and the like. For the past three years, she’s focused on coalition building among artists, art lovers,

foundations, and cultural institutions interested in pioneering impact investing in the creative economy. To that end, she formed the Upstart Member Community, a group of about ten impact investors and foundations. (A recent [report](#) explores those efforts).

Now, Upstart is working on the third part of the strategy—providing tangible steps for investors. It's raising capital for its Inclusive Creative Economy Strategy, with the goal of starting to make investments later this year.

Upstart defines the creative economy as a set of art, culture, design and innovation industries, and the economic contribution of those industries within a geographic region, according to the report. "A unique set of industries comprises each local creative economy, reflecting the culture, traditions and heritage of that place," it continues.

### **Creating a \$100 Million Portfolio**

As part of her Inclusive Creative Economy Strategy, Callanan wants to create a portfolio of up to \$100 million. It will invest in both impact funds and early-stage companies in food, fashion, film & TV, the creator economy and other creative industries. Its goals range from creating quality jobs, particularly for unemployed and underemployed people, to increasing opportunities for BIPOC individuals and women to start businesses in the creative economy from which they have been historically excluded.

Upstart has identified its first six investments—funds and direct investments—but has to close on a \$20 million round before it can go ahead.

### **Funds and Startups**

Seventy-five percent of the capital raised will be invested in impact funds. According to Callanan, funds that focus on BIPOC and women entrepreneurs often have a lot of portfolio companies in the creative industries. "The funds with the greatest exposure emphasis on diverse entrepreneurs also have the greatest exposure to creative industries," says Callanan. If a fund focuses on diverse founders and has 25% or more exposure to creative industries, "we put them in our deal pipeline and get to know them better," she says. That means reaching out to them to about their role as lead investors in the creative economy and helping them to repackage themselves, so they can attract investors interested in creativity and culture.

The rest of the capital will go to direct investments in seed and early-stage companies, like many of the enterprises Upstart's investors have already backed—firms like [Upriver Studios](#), a film and TV production facility, which also has a sister nonprofit called [Stockade Works](#), a workforce training program, and [Paskho](#), a Black-owned, sustainable and socially-driven clothing line and ecommerce platform.

Callanan is including both funds and companies for a few reasons. By investing in funds, Upstart can create a roadmap for where wealth managers can direct their clients' investments. "They won't put clients into a seed-stage company," she says. "But they could put clients in a fund." At the same time, building interest in the creative economy depends on having examples of compelling startups. And it provides fodder for funds.

Ultimately, Callanan hopes to see other impact investors follow her lead and help develop the field. "But if we don't first do the hard, pickaxe labor, it's not going to happen," she says.