

How an alum is disrupting funding for creativity and culture

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Laura Callanan's Upstart Co-Lab connects impact investing to the creative economy.

Upstart Co-Lab, founded and launched by Laura Callanan (NYO 08-14) in 2016, aims to be the bridge between creative entrepreneurs and impact investors, helping values-aligned capital scale transformative ideas connected to art, design, culture, heritage and creativity.

Inspired by gender lens investing, Upstart developed a "creativity lens" to identify diverse, high quality opportunities in industries impact investors might otherwise overlook, including ethical fashion, sustainable food, and social impact media.

In a recent conversation with us, Laura talked about Upstart Co-Lab's work and achievements in its first five years, and how the organization is facilitating collaboration between impact investors and the artists and designers who are launching companies.

Upstart Co-Lab mobilizes impact investment into the creative economy. Can you talk about what that means?

Let's start off by defining "impact investing" and "creative economy."

Impact investing is not philanthropy or government funding. Impact investors look for a financial return, plus a social or environmental return, or "impact." Companies deliver impact through their product, service, or platform and through their operations – for example, delivering solutions for education, health, and the environment or by creating quality jobs.

In the United States, states and regions define their local creative economies as part of their economic development and job creation strategy. The definition of creative economy varies by geography and is always a reflection of the culture and heritage of a place. For example, the state of Louisiana includes food in its definition of creative economy, reflecting how Creole cooking is a big part of the history and the self-identity of the state.

Upstart identified 145 industries that make up the creative economy of the U.S. and bucketed them into three big categories where impact investors are beginning to engage: ethical fashion, sustainable food, and social impact media.

Then we have a category for other creative businesses which includes businesses disrupting the fine arts market, architecture, cultural tourism and more. And the fifth category is what we call creative places –the real estate spaces where creative work happens, and creative experiences are shared.

You have a two-fold goal: Encouraging impact investors to invest in the creative economy while at the same time encouraging the creative sector to invest more responsibly.

Absolutely. We're trying to hold up the creative sector as both a source of sustainable and impact capital, and a use of sustainable and impact capital. There has yet to be a leader within impact investing who is an artist, art collector or cultural institution. We are trying to change that.

By our count, the U.S.'s large cultural institutions – including museums, performing arts centers, art schools, and libraries – hold \$58 billion in their endowments.

We believe that as community anchor institutions, cultural organizations should follow in the footsteps of foundations and universities and steward their endowment assets in a way that reflects their values and their mission. How cultural institutions invest is as important as their programming and hiring, and as all of the other activities of the institution.

What inspired you to start Upstart Co-Lab?

After I left McKinsey, I started to think more about how to connect the work I had been doing in impact investing and social entrepreneurship back to the arts and culture sector where I worked at the start of my career. I realized that while impact investing had grown substantially since the late 1990s and early 2000s when I co-led impact investing at the Rockefeller Foundation, the creative sector had missed out.

I then had the opportunity to serve in the Obama administration as the senior deputy chair at the National Endowment for the Arts, the federal arts agency. It was from that perch that the gap – or, from another angle, the opportunity – became very visible to me.

Federal funding for the arts in the U.S. is minimal; the budget of the NEA was \$150 million when I was there. Philanthropic funding for the arts plays a bigger role, about \$21 billion annually. But sustainable and impact investing in the U.S. is now \$17 trillion. What if creativity and culture could access a tiny fraction of that large number?

I started to imagine what it could look like if we supported artists, designers and other creatives, and provided them the things that every entrepreneur needs – and the important role that access to capital plays in that solution set.

I realized that I needed to spin this work out of the government, and launched Upstart Co-Lab. From the beginning our strategy has been to work with community development and impact investing partners. Our goal is to leverage the capacity of the existing impact investing ecosystem for the creative economy.

Have other alumni been involved with Upstart Co-Lab?

Being part of the alumni network allows you to build trust with people really quickly. You have a common vocabulary and frame of reference.

[Current McKinsey Partner] Jonathan Law has been on the Upstart Co-Lab advisory board since day one. I have also been teaming up with Jonathan Bays (TOR, NYO 98-03, 05-12) as he leads Yo-Yo Ma's office. Yo-Yo has been a real friend and supporter of Upstart Co-Lab's work.

Lenny Mendonca (SFO, DCO 83-14), Beth Cobert (NYO, SFO 84-13), and Steve Davis (SEA 11-12) have all been touchpoints for me. Andrew Simnick (CHI 10-13), who was recently at the Art Institute of Chicago, was helpful to talk to as I was understanding the opportunity to engage museums in the discussion about how they could harness their endowment for mission and values.

Obviously, the pandemic has been very challenging for many people in the creative economy. How has this affected Upstart Co-Lab's work?

We're proud that the ten impact investors we advise have closed and committed \$6 million of investments in the creative economy during the COVID pandemic.

And on the other side, the artist and designer entrepreneurs who we work with haven't missed a beat – they have pivoted thoughtfully and successfully.

One example is Pashko, a Black-led fashion company; two of the foundations we advise have invested in Pashko. Pre-COVID, the company made its clothes in ethical and sustainable factories in Laos and China. Obviously, getting product from Asia to the U.S. in the middle of a global pandemic was problematic. As 2020 unfolded and we all faced the reality of structural racism in the U.S., the company's founder reflected on how he could be part of a solution.

Since July 2020, Pashko has on-shored all manufacturing back to the U.S. and developed a new distributed production approach called Community-Made, which allowed skilled makers to work COVID-safe from home. With Community-Made, Pashko hired tailors and seamstresses from the Broadway costume shops during all the months when the theatres were closed. They have also opened a workers' pod in Boykin, Alabama, home of the famed Gee's Bend Quilters.

You have tremendous exposure to the work being done in the creative industries. Is there something you've recently seen or experienced that you'd particularly recommend or that you think we should know about?

I'd recommend [E-Line Media](#), a producer of social impact video games; [Preemadonna](#), which brings together technology, creativity, and entrepreneurship for young women and girls; [Greenbelt Hospitality](#), which is democratizing farm to table dining; and [Upriver Studios](#), a women-led, environmentally friendly film and TV production studio in the Hudson Valley founded by the actress and director Mary Stuart Masterson.

These days I find my greatest energy and optimism where the creative economy, fueled by impact capital, is making positive change.

RELATED CONTENT

Upstart Co-Lab recently released "[Creativity, Culture and Capital: Impact investing in the global creative economy](#)"

Laura recently led a [webinar](#) featuring two entrepreneurs and an investor that Upstart Co-Lab has worked with.