

# Laura Callanan

---

 [poetryofimpact.com/laura-callanan/](https://poetryofimpact.com/laura-callanan/)

## **Gino Borges:**

You're joining us with Laura Callanan, the Founder of [Upstart Co-Lab](#). Upstart Co-Lab connects impact investing to the creative economy, creating opportunities for artists to innovate and to deliver social impact at scale. Laura chairs the [Global Giving Foundation](#), advises Shift Capital, and is a member of the British Creative Industries International Council. Previously, Laura was Senior Deputy Chair at the [National Endowment of Arts](#) and Associate Director of [The Rockefeller Foundation](#). Welcome, Laura. Glad to have you.

## **Laura Callanan:**

Glad to be here, Gino.

## **Gino Borges:**

Take us to where you're at right now, both physically and psychically, touching on the current moment for you in terms of the current coronavirus pandemic.

## **Laura Callanan:**

We are speaking in March of 2020 and it's about two weeks into the state of New York's mandate that people self-quarantine, stay at home, and practice social distancing. I am lucky enough to be in Columbia County, New York, a couple of hours north of New York City. I normally split my time between New York City and Germantown, New York. Spring is coming, which is very helpful at this moment because obviously, we're all a bit uncertain about how long this will last, what lies ahead, and not only what the health and social implications will be, but also what the economic implications will be from a global pandemic. I'm lucky and grateful for my yoga practice and the ability to be able to walk outdoors since I'm up here in beautiful nature. That's helping a lot at the moment.

## **Gino Borges:**

Now, take me to how you're envisioning Upstart Co-Lab coming out of this and seeing this as a potential opportunity to animate the world that we live in from a healing perspective and so forth. Can you tell us about the original intention and the inspiration for Upstart Co-Lab and then address how Upstart meeting the moment?

## **Laura Callanan:**

Creative people solve problems. That's something we believe very deeply at Upstart. We're disrupting how creativity gets funded by connecting impact to the creative economy.

Right now, March 2020, we're in the relief stage of a pandemic. It's a health response. It's a safety-net response from an economic perspective. People are very uncertain about what's coming next, how long this moment will last — and what will follow. The relief phase is not necessarily the moment when most impact investors are able to engage. Philanthropy is engaging; government is engaging.

In conversations that I've had with impact investors, we're all thinking about what comes next. What does the recovery phase look like? What happens in the long term? How do we continue to build and develop the community, the society that we want to be part of? What role will impact investing play in all of that?

Immediately, I'm thinking about how to support our friends at places like [Nonprofit Finance Fund](#), which is administering a loan fund for arts organizations in the New York City area to help them navigate through this period. We're talking to the portfolio companies and the fund managers who are the pipeline that Upstart maintains with more than 150 investible opportunities in the creative economy seeking impact, investment to grow. We're checking in with our entrepreneurs and the fund managers that we know best, discussing how they're navigating this moment.

We're also starting to think about the importance of ensuring that we don't let a good crisis go to waste. To position the larger endowed arts organizations — as well as the scrappy creative economy entrepreneurs — to be part of the recovery and the long-term growth that will happen after this pandemic moment concludes.

**Gino Borges:**

When you talk about not letting a crisis pass, seeing it as an opportunity, what would be the ideal role for Upstart Co-Lab three to five years from now as a result? Inevitably, there's moments of impact imagination, imagining what's possible for the future.

**Laura Callanan:**

Two weeks from today, we were prepared to convene ten museums from across the United States for a two-day conversation about mission-related investing. We had the museum directors and their investment committee chairs committed to spending 48 hours together for an impact investing "bootcamp" in Tarrytown, New York, hosted by the Rockefeller Brothers Fund. This was going to be a pivotal moment because none of the institutions that we were bringing together are yet doing mission-related investing.

Museums in the United States have \$40 billion in their endowments — or they did before the pandemic started to affect the stock market. As mission-driven organizations, as value-driven organizations, it's important for cultural institutions to think about aligning their financial wealth with their purpose and their potential as community leaders, as anchor institutions, as stewards of our culture, and as community meeting places where people come together.

It was very exciting to us that we had folks from major museums across the United States willing and eager to learn about the potential to use their endowments in a new way. Now, we have this disruption. The museums were among the first institutions closed down to protect people's health. This shutdown is very costly for these institutions. There are talks about significant staff layoffs among the museums in New York City and elsewhere.

How do we revive this conversation about mission-related investing with these endowed cultural institutions in three or four months — at a moment when they are going to be feeling a lot of financial pressure and constraint? It's one thing to engage folks in a conversation about aligning their capital with their values when they have felt the benefits of a multi-year bull market. It's going to be a different conversation when people are really feeling constrained in terms of their portfolios.

We've all had to slow down, quiet down, be at home with our families, and miss engaging in our communities in the way that we're used to. How do we take this as an opportunity to see what's most important? The cultural institutions are looking for support, not just from their usual donors, but from foundations and government on top of that. It's fair to expect those cultural institutions with more means to not go without financial return; I don't believe that's necessary within impact investing. However, we're asking them to align the capital that they're putting to work anyway to cover operations and to cover long-term growth in their communities and the things that will keep us healthier, more resilient, and moving forward in a constructive way.

**Gino Borges:**

What inspired you to start connecting the dots between impact investing and the creative economy versus the conventional finance world? You have a more expansive version of creative economy than what most people would conventionally think of it.

**Laura Callanan:**

Three experiences came together for me in launching Upstart. One was a conversation I had in 2010 with Jim Houghton, the Founding Artistic Director of Signature Theater Company, an Off-Broadway theater company in New York. I'd known Jim for 15 years. My late husband, the playwright Romulus Linney, was the founding playwright of Signature Theater. I've been following Jim's journey from the very start of the theater. Over lunch, he was telling me about what was coming up at Signature. They had just broke ground on a new three-theater complex. Frank Gehry, the architect had designed the interior of the building. A 7,500

square-foot lobby would act as a community green in the middle of Manhattan. Open 12 hours a day, seven days a week, the lobby would be for everyone whether or not they were coming to see a performance. You could use the free WiFi and the clean bathrooms, or go to the cafe. Jim describe the support that the city had already contributed to this project. It was a real public-private partnership.

I was a consultant working in McKinsey & Company's Social Sector Office with the Skoll Foundation, focused on social entrepreneurship. As Jim was talking, I heard these words coming out of my mouth: "Jim, you're what they call a social entrepreneur. But nobody calls you that because you're working in the arts. And you don't call yourself that because you're working in the arts. But, take it from me, I'm a highly-paid McKinsey consultant, I know this stuff."

I left the lunch scratching my head thinking if Jim were not a friend, and if I hadn't known him so well for such a long time, would I be putting him in the same category with Wangari Maathai, Mohammed Yunus, Wendy Kopp, Paul Farmer — all the iconic social entrepreneurs. Looking objectively at Jim's accomplishments — if he made the grade relative to these iconic social entrepreneurs — does that mean he's the exception that proves the rule, the only person working in arts and the creative sector thinking about their community, asking to do more than simply entertain people? Or, are there a lot of Jim Houghton's? Are there a lot of creative social entrepreneurs out there who are being completely overlooked and underestimated?

I've been lucky in my career to work at the phenomenal places, the Rockefeller Foundation, the United Nations, McKinsey & Company's Social Sector Office. In all of these places, I've been surrounded by really smart, dedicated, hardworking people. But they're people like me: they went to business school, they went to law school, they have PhD in economics. Over the years, conversations have moved to bringing more creativity to solving the world's pressing problems. They're not asking, how can we bring more money, or how can we bring more technology. The question now is, how can we bring more creativity to solve these problems? But, when I look around the room, it's filled with people with the same background, and the same orientation. Those really creative minds are missing. If we know that we need creativity to address these issues, we are missing out if we don't bring in the artists, the designers, the chefs and the folks who think in a different way.

Immediately before launching Upstart, I was in the Obama Administration. I was the Senior Deputy Chair of the National Endowment for the Arts. From that perch, I had a very clear view of the economics of the creative sector in the United States. The budget of the National Endowment for the Arts is not that much. It's about \$150-155 million. That's our federal arts budget. Philanthropy for the arts is about \$21 billion dollars a year; 5% of all giving in the United States goes to the arts. That's great; we go from millions to billions. We're moving in the right direction, but there's \$12 trillion of socially-focused, impact capital being invested. What would it take for the creative sector to get some small portion of that \$12 trillion to

bolster federal support and philanthropic support for creative work? Why should people who care about the arts care about impact investing? Because, in the words of the great American bank robber Willie Sutton, that's where the money is.

Up to this point, impact capital has paid attention to so many important things — the environment, education, gender equity, inclusion — all things that we value and are excited to bring more resources to support. But for some reason, the creative sector has been overlooked. My goal is to connect impact capital to those activities connected to art, design, culture, heritage, and creativity.

**Gino Borges:**

I'm interested in the translation process. If somebody is trained on the quantoid, locked and loaded in the matrix, using hardcore measurement metrics and whatnot, how do you translate this work and get buy in? What tools are you trying to move others to consider these ideas?

**Laura Callanan:**

The creative economy isn't different than any other sector benefiting from impact investing. These are businesses that are creating jobs, and growing employment opportunities.

These businesses are wealth-building opportunities, ladders to economic prosperity for entrepreneurs who're often overlooked and underestimated. To date, we've noticed a strong correlation between women entrepreneurs and entrepreneurs of color starting businesses in the creative economy. Our hypothesis is that barriers to entry are lower. You don't need a PhD in electrical engineering from Stanford or the same level of startup capital to begin a business in the creative economy as you might to start a business in the tech sector.

The creative economy is a fundamental building block of sustainable communities. Community Reinvestment Act lending has supported creative places and creative businesses over the past 20 years. What we're doing at Upstart is not radically different from what impact investing has been doing all along.

But we needed to bring a creativity lens to impact investing, similar to what the gender lens investing movement has done. To help bring into view opportunities that are going to be appealing to art lovers, foundations that fund in the arts, endowed cultural institutions. And to bring into view more high-quality opportunities for impact investors regardless of what their impact goals are and whether or not they have a deep affinity for art, design, culture, heritage, and creativity.

If you're an investor who cares about the environment and you invest in a sustainable fashion brand, you're going to be backing a company that's doing good things for the environment. If you're an investor who cares about labor and fair-trade quality jobs, investing

in an ethical, sustainable fashion company who treats its employees well will help you achieve that impact goal. If you're a gender lens investor, the vast majority of workers in the garment industry around the world are women.

**Gino Borges:**

Can you share with us some examples of real people on the ground actually doing this work?

**Laura Callanan:**

Here in the Hudson Valley of New York state, one of my neighbors is the actress Mary Stuart Masterson. (You may remember her from *Fried Green Tomatoes*, *Some Kind of Wonderful*, or *Benny and Joon*.) She moved up here about five years ago with her four young children, relocating from Brooklyn. Mary Stuart continues to work as an actor, director, and writer. As her family got settled in, she was offered an opportunity to be on a TV show shooting in Vancouver, on the other side of the continent, which was not very convenient. It motivated her to start to think about what it would take to make the Hudson Valley a place for film and TV production.

She rolled up her sleeves and started to make this happen, working with other colleagues and stakeholders in the area. They realized there were three elements required to make a film and TV economy. The first was a tax credit, so it would be financially beneficial to locate production here as opposed to any of the other half dozen major places in North America that attract film and TV. They worked with Albany, the state capital, to get the tax credit up to 40%.

The second thing needed was a trained workforce. Mary Stuart and her business partner launched a nonprofit organization called Stockade Works, training the 21<sup>st</sup>-century film and TV production crew workforce with a focus on women, people of color, and returning veterans. These are great jobs. They pay between \$75,000 to \$250,000 a year — great jobs anywhere, but especially great in this region.

The third piece of the puzzle is soundstages. You need certified soundstages where you can do your interior shooting. It's a beautiful place here. People come to the Hudson Valley because of the river, the Catskill Mountains, and the cute towns. But some things will need to be done on a soundstage as well. This month, Upriver Studios is launching. A women-led, environmentally-friendly Delaware Public Benefit LLC operating a set of certified soundstages.

Mary Stuart is creating a jobs engine, she is ensuring that the 21st century movie set looks different in terms of who's working on it and that it's environmentally friendly. Luckily, in a one-hour radius of where the soundstages will be, other people who happen to live in the

neighborhood include Liam Neeson, Laura Linney, Julianna Margulies, Keira Knightley, and Daniel Craig. It's the right type of business opportunity in this location. It's going to create a real economic ripple effect for the entire region.

**Gino Borges:**

That's a good example of somebody in media. You also mentioned sustainable food. Do you have an example in that area?

**Laura Callanan:**

In Phoenix, Arizona, there's Matthew Moore. Matt is a fourth-generation family farmer. He's also an artist. He has won the very prestigious and competitive Creative Capital fellowship. His work has been in museums all around the world. As a farmer, his art-making has often addressed topics of sustainable food, where your food comes from, and the future of the family farm. Matt did a series of sculptures of ugly carrots, which helped to open the Crystal Bridges Museum in Bentonville, Arkansas.

Matt's always been struggling with how to address these questions around sustainable food. He's now teamed up with a third-generation Phoenix restaurateur, Aric Mei. Together, they're launching Greenbelt Hospitality, making farm-to-table dining affordable for all of us. Instead of something that you can do twice in a lifetime, they want it to be an experience that you and your family can enjoy twice a week. Something that's accessible and affordable. The first location they are opening is in a public park in Phoenix called Los Olivos. The vision is to bring together a grab-and-go restaurant, a sit-down restaurant, a marketplace for locally-produced, artisanal food products, an art gallery, and an education space, next to a two-acre organic farm with a fulltime farmer.

This is in a public park. It's accessible to everybody. The price point on the menu makes it accessible to everybody. And, it's more than a restaurant. It's more than a public art installation. It's the sort of thing that only a creative person who is an entrepreneur would imagine putting together.

**Gino Borges:**

It's not easy work trying to coordinate people and projects. It can take a long time and take a lot of money. It comes with a lot of uncertainty. How do you navigate these challenges and stay afloat during uncertainty?

**Laura Callanan:**

That has been a profound personal learning for me. I was with a group of MBA students about a year ago, talking about impact investing and the creative economy. At the end of the session, they asked me to share career advice with the students. My career advice was, if you think you have it in you to be an entrepreneur, don't wait until age 50 like I did.

I'd spent most of my career at very large institutions. Pushing the boundaries and a bit of a maverick — but always within the safety of a large institution. It's different when you are at a small organization and you've got a big idea. I have learned to be more comfortable with uncertainty than I ever have in my life.

One of the things that has helped me is the story of James Stockdale, a naval officer and prisoner of war during the Vietnam War. Stockdale was asked, how did you get through the prisoner of war camp when so many others did not? His answer was that he believed he would make it through and get home. He held that long-term optimism. But, he was incredibly pragmatic on a moment by moment, day by day basis. The people who didn't make it home were the ones who said, we're going to be home by Christmas. Then, Christmas would come, and they weren't home yet. That would be so heartbreaking that, at a certain point, the despair set in and became overwhelming. The people who were able to make it held the long-term certainty that it was going to work out, it was going to be okay. And then were rigorous about how to get through each individual day.

At Upstart, we really believe on our mission to bring impact investing and the creative economy together. We think that we can make it happen. But — pragmatically — if someone else comes along and is able to do this better and faster than we can, from a mission-perspective that would be a success. We look forward to the moment when Upstart Co-Lab doesn't need to be here because, others have come. Fund managers, anchor investors, first-out-of-the-gate successful entrepreneurs. Soon this space will pick up speed on its own without our continuing to nurture and care for it. But Upstart will have been the field builder, setting the stage and catalyzing this movement.

**Gino Borges:**

Thank you for doing this impact work to connect the world of money with the creative economy. You have so many numerous examples of stuff that's occurring as a result of your work. Your last response is very encouraging to me; I can tell that it's not about you. You're willing to surrender this whole project if somebody has a better idea or a more efficient way of moving along the mission. It takes a lot to get there. You're doing a lot of work on yourself as a result of being able to say that out loud because a lot of us, just being human, take a very proprietary type of hold on our work. I always feel like that's part of our work in impact — to constantly be letting go. That's one of the graceful benefits, unlike in the conventional business world. The impact space is very collaborative, very sharing, and very open for the most part. For you to be able to contribute to that collective effort in your particular way is very special. Thank you for joining us today.

**Laura Callanan:**

Thanks a lot, Gino. Take care.