

The next big impact investment? Arts and creativity

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HUFFPOST

Last week, we celebrated National Arts in Education Week. It got me thinking about the many different leadership roles artists play. People who are trained in the arts go on to excel as pioneers, innovators and influencers in business, investing, technology and so many other fields. They have social impact. They have commercial success. They open new markets, introduce new technologies, and envision the future.

For instance, artists are behind some of the most popular companies of the sharing economy. [Perry Chen](#) — musician and visual artist — co-founded Kickstarter. Airbnb founders [Joe Gebbia](#) and [Brian Chesky](#) are graduates of the Rhode Island School of Design.

Artists — like *Hamilton* writer and star [Lin-Manuel Miranda](#), [Chance The Rapper](#) and movie producer [Kathleen Kennedy](#) — are consistently named as the most creative people in business by [Fast Company](#).

Artists like sitcom star [Aziz Ansari](#) and visual artist [Yayoi Kusama](#) were among Time magazine's [The 100 Most Influential People](#) in 2016.

And artists like violinist [Aaron Dworkin](#) and cartoonist [Alison Bechdel](#) have been named geniuses by the [MacArthur Foundation](#).

Artists bring together creativity, global influence and genius. They also catalyze social change. And they can earn money doing it.

Take the example of the Broadway show *Hamilton*, a popular, critical and financial success. The show won 11 Tony Awards, including Best Musical. The Rockefeller Foundation, believing the show is a “catalyst for social change,” [bought \\$7.5 million in tickets](#) for public high school students nationwide. Performances are sold out for the next months, and *The New York Times* is predicting, “the unlikely hit will ultimately generate upward of [\\$1 billion](#) in sales.”

This hip-hop musical is part of the [more than \\$700 billion](#) of the U.S. Gross Domestic Product (GDP) generated by arts and cultural production. Since before the term “social enterprise” was coined, nonprofit arts organizations have been earning their way: [60% of income](#) for arts organizations comes from earned sources like tuition, merchandise, royalties and ticket sales.

So where are the impact investors?

Impact investors can invest in [green carbon](#), [sustainable food](#) and [women-owned businesses](#). But today there is no targeted way to put impact capital behind artists or the creative economy.

Conventional investors don’t seem to have this problem. They have figured out how to buy shares in important [paintings](#), to invest in the stream of royalties generated by [music and film](#) and to make private equity investments in the [creative industries](#).

You would think that investors seeking to do well and do good would be curious about creativity. Not only have 11 million people taken a flyer pledging \$2.4 billion to support projects on [Kickstarter](#), but the [creative economy](#) is grabbing attention among titans and influencers at places like Davos. Top CEOs acknowledge that creativity is one of the most [valuable skills](#) for corporate workers. And creatives who would rather work on their own have driven the market value for [Etsy](#) to over \$1 billion.

It shouldn’t be that tough, since some of the impact investing sector’s real pioneers are artists themselves:

- [Clara Miller](#), founder of Nonprofit Finance Fund and who is now revolutionizing the field of mission-related investing as president of the FB Heron Foundation, majored in studio art.
- [Jed Emerson](#), who started investors thinking about “blended value”, kicked off 2016 with a blog musing about the importance of museums and music (including his own guitar playing).
- [Patricia Farrar-Rivas](#), founding partner and CEO of impact investment advisor Veris Wealth Partners, had an early career as a dancer.
- [Debra Schwartz](#), Managing Director of impact investing at the MacArthur Foundation, was active in the student theater at Yale College.

Recently, two national foundations separately engaged two different impact investing advisory firms to landscape their mission-related investment options. Both foundations asked about how they could make impact investments in the arts, and both advisors said they couldn't: there were no products or funds for impact, arts and creativity. That's not to say investments aren't being made. They just aren't being made on purpose.

When [Calvert Social Investment Foundation](#) recently looked at its portfolio, it found at least \$20 million invested in creative places and businesses. When the Treasury Department's [CDFI Fund](#) did the same, they found \$460 million in [creative placemaking](#) projects. These are good deals, coming in through regular channels, and they are investable. But still there is no product or fund that allows investors to direct their impact capital to affordable artists' housing or creative companies.

That's why Upstart Co-Lab has been working with Calvert Foundation to design the first impact investing product for arts and creativity. This new theme of the Calvert Foundation's Community Investment Note will allow investors to direct their capital to creative places and businesses. This builds off an approach that currently enables Calvert Foundation investors to direct their capital to priorities like women-owned businesses, aging-in-place projects and specific cities like Chicago and Baltimore. The first capital raised will go to a project of Artspace, a nonprofit real estate developer that specializes in affordable housing and workspace for artists. We have a firm commitment from an impact investor — who happens to be an artist herself — to make the first \$1 million impact investment in the arts. Other investors have started to signal their interest.

Of course art has value much greater than its financial worth, and a lot of artists and art-making will never be "investable." But by engaging with investors who appreciate that artists can bring a unique approach to driving social impact as innovators, we can expand the pool of resources, bringing capital needed to experiment and scale to some of the most creative people around.

Impact investing is [going mainstream](#), as asset owners look to get more than a financial return from their investment. The social and economic benefits of investing in the arts is clear.

Laura Callanan is the founding partner of [Upstart Co-Lab](#), a national collaboration connecting artists, impact investors and social entrepreneurs to create opportunities for artist innovators to deliver social impact at scale. She is the former senior deputy chair of the National Endowment of the Arts, a former consultant at McKinsey & Company and a reformed investment banker. Laura majored in theater in college.

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