

NEWS AND ANALYSIS

MARCH 29, 2015

Phil Harvey Is Fed Up

The sex-toy retailer and ‘father of family planning’ long ago lost patience with charity inefficiency. But he’s set a good example in the three charities he’s founded.

By Eric Frazier



RON AIRA, FOR THE CHRONICLE

Phil Harvey's next move: a push to protect American civil liberties.

Phil Harvey has never forgotten the woman in a ragged sari who ran up to him when he was a young CARE staff member in India in the 1960s. She knelt at his feet as he helped deliver powdered milk and cornmeal to a Punjab village devastated by a flood.

Such transactions between wealthy Westerners and aid recipients have always seemed embarrassingly one-sided to him. How, he asks, can charity truly be benevolent if it makes one human being feel compelled to prostrate herself before another?

"The idea just makes my blood boil," says Mr. Harvey, 76, who helped create three nonprofits and also Adam & Eve, an adult-toy and erotica retailer whose profits finance

his charities. "I think a great deal of charity in the United States today tends to follow those lines of gratitude. A great deal of giving tends to be about what makes the giver feel good and not what is actually helping the beneficiary.

"I think it's wrong, perhaps even to the point of being immoral."

It is also, to his mind, simply inefficient. And inefficiency is a problem he sees permeating the nonprofit world, even something as simple as getting charities to send donors like him a simple, prompt thank-you note for gifts.

His impatience with inefficiency — and his deeply held libertarian principles — laid the foundation for a four-decade, trailblazing career in social entrepreneurship. Ideals alone won't change the world, he cautions.

"When you set out to help other people, you have to be very, very thoughtful about it," he says. "You cannot do what feels good. You have to think it through."

Social-Marketing Strategy

Mr. Harvey's first two charities were focused on improving the lives of people like the woman in Punjab but doing so in an efficient and dignity-preserving way.

In his early 30s, he co-founded and led Population Services International, the global health and family-planning philanthropy that today boasts an annual budget of \$500 million. Two decades later, he launched and led a second charity — DKT International, a \$160 million nonprofit that distributes birth control in 22 countries.

The groups have received a total of \$50 million of their founder's money over the years but have also won support from major grant makers like the Bill & Melinda Gates and the William and Flora Hewlett foundations.

The two charities bypassed traditional reliance on doctors for birth-control distribution and instead pioneered social marketing for family planning, a consumer-focused approach now used widely to deliver contraceptives in the developing world.

Mr. Harvey's work has helped validate social marketing as an effective way to deliver reproductive health services, says John Trybus, deputy director at Georgetown University's Center for Social Impact Communication.

Says Mr. Trybus, "While it seems like smart strategy today, Phil integrated business principles and a laser focus on proving impact into social-change strategies in a time when that was not the norm."

Streamlined Solutions

Mr. Harvey financed his charities with tens of millions in profits from his other brainchild: Adam & Eve, a \$100 million-a-year empire whose battles against censorship in the 1970s and '80s sparked precedent-setting court rulings affirming the First Amendment rights of pornography merchants and prosecutorial reforms that shielded such businesses from anti-obscenity crackdowns.

Those battles inform his latest project. He stepped down last year as CEO of DKT International, and is now building the DKT Liberty Project, a civil-liberties advocacy group.

Those who know him best say his efficiency-expert approach to philanthropy springs from his singular ability to quiet his mind, isolate a problem, and emerge with the most streamlined solution.

A.C. Bushnell, a friend and colleague since the 1970s — and now the Liberty Project's program director — describes it this way: You call him up seeking his input on some decision that must be made in a program. Your question is greeted not with an answer but with silence. Perhaps a full minute passes. Then what seems like two.

Mr. Harvey's associates and friends have learned to wait it out. Because he's thinking. Hard. When the answer comes, it's a fully formed directive, or he'll say: "I need to ponder this further."

"If you talk to him, he doesn't wander. He's not chatty," Mr. Bushnell says. "He's really focused on doing things. And he winds up being extremely efficient and remarkably able to get more things done than the average person."

An Epiphany in India

Mr. Harvey takes a quiet pride in his role as a sort of Robin Hood of the population-control movement, taking profits from pleasure-loving Americans and giving poverty-curbing contraceptives to the developing world.

"I feel very good about the contribution Adam & Eve has made toward making sex good and fun in the United States," he says. "Sex should be treated as something that's healthy and good and not as something that's dirty and shameful."



DKT INTERNATIONAL

SPREADING THE WORD: DKT International distributes information about its contraceptives in Asia and in African countries like the Democratic Republic of Congo.

With his tweed jackets and reading glasses, he seems more college professor than porn magnate. He and his wife, Harriet Lesser, have been married 24 years and live in the Washington suburbs. He commutes listening to NPR and C-Span.

"A lot of people consider him sort of the father of family planning," says Mr. Bushnell. But he's kept his profile low: "There's never going to be the Phil Harvey Building."

The charity founder's focus on birth control sprang from his early work with CARE, feeding Indian schoolchildren.

He'd landed there after limping out of Harvard University on the "five-year plan," with dreams of seeing the world. He saw in India an exploding number of hungry children and an American government intent on pouring U.S. feed grain into Indian ports.

As he saw it, the practice badly undermined Indian farmers' crop prices, while leaving unaddressed a big cause of the country's misery: too many children whose families couldn't support them.

But his friend, D.K. Tyagi, an Indian government official, had a better solution. The late Mr. Tyagi, for whom DKT International was named, used imaginative campaigns to advertise modern birth control. He draped red triangles on elephants and locomotives as branding for family-planning clinics. It helped raise awareness of contraceptive products, often for the first time, in rural villages.

Civil-Liberties Battles

Those successes gave Mr. Harvey an idea. Late in the 60s, while studying for a master's degree in family-planning administration at the University of North Carolina at Chapel Hill, he compared notes with a fellow student, Tim Black, a British physician.

"Tim said over and over again that family planning is a marketing problem, not a medical problem," Mr. Harvey says. "I completely agreed."

They tested their theory by launching Population Services International in the early '70s and sold condoms by mail order, placing ads in college newspapers. It was illegal at the time to sell condoms through the mail, but the prosecution they feared never materialized. The orders rolled in.

The small private, for-profit company they launched to handle the condom distribution business eventually became Adam & Eve. When competitors emerged, Adam & Eve expanded into sex videos, lingerie, and toys, eventually opening about 50 retail stores.

In the coming decades, Mr. Harvey put Adam & Eve and Population Services international in the center of civil-liberties battles. He squared off against New York State over its law criminalizing the sale or distribution of contraceptives to children under 16.

That fight led to a 1977 ruling from the U.S. Supreme Court that helped extend the protection of privacy rights to minors.

In the 1980s, Mr. Harvey battled the Reagan administration's Justice Department, which sought to shut Adam & Eve down on obscenity charges. He won and wrote about the experience in the 2001 book *The Government vs. Erotica: The Siege of Adam & Eve*.

Selling Family Planning

Population Services International eventually branched out beyond family planning to include services like malaria suppression and clean-water efforts. He left its leadership in 1977, believing that a founder shouldn't stay at the helm of an organization indefinitely. In 1989, he launched DKT International to "stay in the game," he says.

He handed over the reins of DKT last year but still serves as its largest individual donor, funneling up to \$3 million a year to the organization, says its current CEO, Chris Purdy.

Last year DKT distributed 553 million condoms, nearly 72 million cycles of oral contraceptives, and other forms of birth control to 28 million couples in countries

including China, Myanmar, and Pakistan.

DKT's social-marketing strategy relies on the same kind of commercial distribution and marketing used to sell cars or couches or soup: Price the product attractively, market it on billboards or local newspapers or TV, and compete for customers.

"The fact that sex is used to sell pretty much everything except birth control has always struck me as odd," says Mr. Harvey.

The charity fusses over packaging and branding and gives its popular condoms evocative names like "Fiesta" in Indonesia and "Josh" in Pakistan and "Trust" in the Philippines. Clients buying the products might be brothel owners or even the military, as in Ethiopia, where DKT has joined forces with the Army to get condoms to soldiers.

The program in each nation operates independently, with the country director given wide latitude to make adjustments based on local needs and customs. Like a business, the group emphasizes growing market share, controlling costs, and delivering products as efficiently as possible.

DKT International is so decentralized that its Washington headquarters employs just six staff members. Mr. Harvey, chuckling, says that he structured the organization that way as "a function of laziness."

"Like Tom Sawyer, I guess I have always operated by finding other people to do most of the work," he says. "In order for people to enjoy that, to say 'Yeah, I'll do that,' you have to give them free rein."



CULTURAL SENSITIVITY: DKT International sells contraceptives to people in the developing world by adapting its pitch to countries like Ethiopia and elsewhere. It often uses sex appeal to get attention, sometimes pushing cultural limits.

Mr. Purdy recalls a day about a decade ago when a staff member walked into Mr. Harvey's office and spelled out an urgent problem in one of the programs: A country director in Southeast Asia was sick and needed to be removed.

Mr. Harvey pulled out his checkbook. "He signed a blank check and gave it to the guy and said, 'You can spend up to \$100,000. Just do what it takes to get it taken care of.' That was that."

Social marketing satisfies Mr. Harvey's deep libertarian streak. Recipients of his contraceptives buy them on the open market, with little or no knowledge of the American charity subsidizing the products' cost to keep them affordable. The charity discovered that charging a small fee makes it more likely that the products will be valued and used. The social good is achieved without anyone feeling beholden or humiliated.

ADVICE

How to Keep Phil Harvey—and other donors like him—Happy

ACKNOWLEDGE GIFTS PROMPTLY.

Within two weeks, a donor who writes a check should get a letter of thanks, citing the amount and the date the gift was received.

DON'T FORGET SNAIL MAIL.

Especially for contributions over \$500, send both an online acknowledgment and a letter. For substantial gifts, donors appreciate a phone call.

SHARE FINANCIAL DATA.

Post the charity's most recent Form 990 on the website. Though much data about nonprofits' finances is available elsewhere online, a charity that displays that information itself conveys confidence and transparency.

TELL DONORS WHO'S IN CHARGE.

List the names of the group's key leaders, along with board members' professional affiliations, on the charity's website "And please don't make these things hard to find," says Mr. Harvey. "I've often been told 'It's there' when I suggest that something is missing. It may be there, but buried beneath two or three clicks. Make it easy."

SEND DONORS ANNUAL REPORTS.

Include a financial summary along with board members' and key officials' names and professional affiliations as well as the group's mission, recent accomplishments, and photos. Don't focus just on

activities but also on their impact.

Phil Harvey's Advice to Donors

DON'T SEEK OR EXPECT GRATITUDE FROM INDIVIDUALS WHO BENEFIT.

Unequal relationships between a donor and a person who received help are bad for both parties.

THINK ABOUT A GIFT'S IMPACT.

Will your efforts actually help solve a systemic social problem or just "help out" temporarily?

ASK INVESTMENT-TYPE QUESTIONS.

Does the charity deliver measurable results at a reasonable cost? Are the costs comparable to those of other nonprofits?

MAKE GIFTS WITH YOUR HEAD, NOR YOUR HEART.

Your emotional life should be focused on people you know.

Generating Sustainable Revenue

For the efficiency-focused Mr. Harvey, a major source of pride has always been his charities' ability to generate their own revenue. As much as 80 percent of DKT's more than \$130 million in annual program expenses, for instance, is covered by revenue rather than donations.

"That creates an organization that has a very different dynamic and a different culture than a typical nonprofit," he says. "You can turn down funds that don't fit. You can afford to keep your focus where you want it."

He adds: "When your funding is coming from 25 million individual customers, they're not going to all change their minds right away. Those funds are much more reliable and predictable."

The charity's marketing savvy and strong relationships with local governments have made it a key player globally in reproductive health issues, says Margot Fahnestock, a program officer for the William and Flora Hewlett Foundation, which has given \$6.2-million to the organization since 2002.

Ms. Fahnstock, who has visited the charity's offices in Africa, recalls meeting Mr. Harvey years ago when she was new at Hewlett and had inherited the job of shepherding its relationship with DKT. She was impressed that the charity's CEO would meet personally with a new program officer, noting that he excitedly walked her through a spreadsheet with the latest program data.

"He was so passionate," Ms. Fahnstock says. "I don't mean to sound like I've drunk the Kool-Aid, but I'm a fan. He is a unique individual."

New Focus on the U.S.

Mr. Harvey doesn't travel as much anymore to his charities' outposts overseas. Jet lag hits him a lot harder these days than three or four decades ago. He stepped down from day-to-day management of Adam & Eve last year. He could retire now, but he demurs: "Bad for my mental health."

Instead, he's shifted his focus to the United States. To him, his work developing the DKT Liberty Project is bringing him back to the libertarian roots he put down as a young aid worker.

He believes that developing countries climbed out of poverty when they had law and order, honest courts, a sound currency, and a government that got out of people's way and let them do business.

"The rules are pretty simple," he says. "And they're libertarian rules."

The Liberty Project aims to promote that kind of thinking in the United States. Mr. Harvey feels much of the modern welfare state, the war on drugs, and other government campaigns have done more harm than good. He's also supporting his principles through the political system: Public records show that he donated \$5,000 in December to Reinventing a New Direction PAC, the political-action committee of Sen. Rand Paul, a likely Republican presidential candidate.

Mr. Harvey is a man of few adjectives, but they start flowing when he talks about the "insane" war on drugs or when he talks about the government's longstanding tradition of going to civil court to seize the property of those suspected in drug crimes. He sees it as highway robbery.

The Liberty Project is looking to use court cases and other advocacy to push back. Digital privacy rights are also on the group's agenda. It filed a friend-of-the-court brief last year in a U.S. Supreme Court case that ultimately blocked arresting officers from searching suspects' cellphones without a warrant.

Graham Boyd first met Mr. Harvey after Mr. Boyd founded ACLU's Drug Law Reform Project in the late 1990s, of which Mr. Harvey was an early supporter. "But what set him apart from most of the funders was that he really wanted to sit down at the table and talk about ideas," says Mr. Boyd. "He's smart, and he's strategic. He's someone you want at that table."

Mr. Boyd, now director of New Approach PAC, a political-action group seeking the legalization of marijuana, counts Mr. Harvey among about 15 donors bankrolling that group's efforts. He's pleased by Mr. Harvey's new venture.

"I think it's an excellent thing for him to be doing," says Mr. Boyd of the Liberty Project. "There are organizations that have been working on these issues, but Phil brings to it a disciplined and precise focus on looking at these issues through the prism of personal freedom."

Mr. Harvey is optimistic about the fledgling group's prospects. Same-sex marriage and marijuana legalization, for example, are advancing in the states. The wind is blowing his way.

So he's taking his time, looking at how best to use the Liberty Project. Meanwhile, he's completing a book on the welfare system. (Fiction writing is also a longtime hobby; he's published short stories. The problem-solving aspect — the protagonist in peril — appeals to him, echoing his lifelong drive to craft and implement solutions.)

He's doing a lot of thinking these days, and not just about furthering his hobbies or causes. Late last year, he traveled to Britain for Tim Black's funeral. His old friend and Adam & Eve co-founder, just a year his senior, was out walking when he was felled by a heart attack. He died a day later.

At the funeral, Dr. Black's daughters told funny stories about him from their childhood and recalled the things he'd taught them. To Mr. Harvey, it all seemed upbeat and appropriately forward-looking. It made him consider his own mortality and what would be said of him.

Asked what lesson should be learned from his life's work, he lapsed into silence, but only for a few seconds.

"Go with your passion. Stay with it. And persist."