

# Inside Philanthropy

A blog on philanthropy and nonprofit news and issues. A publication of Philanthropy Journal.

JULY 29, 2013

## Social impact entrepreneurs are transforming family planning



Chris Purdy (in dark shirt) observes transactions for family planning products in rural Indonesia.

*Special to Philanthropy Journal*

Christopher H. Purdy

In Ethiopia in 1999, I managed a social marketing program marketing a wide range of contraceptives, including condoms and family planning pills. Excited to see our work in action, I decided to get out of the office on a trip to Southern Ethiopia. There, during a visit with a pharmacist in a rural town, our conversation was interrupted by the arrival of a woman who, unruffled by the presence of a foreigner, marched up to the counter, asked for package of contraceptives, paid her money and went on her way, a satisfied customer.

That moment was an eye-opener for me and showed the value of "social impact enterprises," organizations that leverage entrepreneurial spirit and business methodologies to drive innovation and improve services in the social realm.

Government, nonprofit and corporate programs that seek to address social needs for lower income populations

### Previous Posts

[How should philanthropy respond to challenges face...](#)

[Why nonprofit board prospects say 'no'](#)

[When nonprofits fail to communicate they risk losi...](#)

[Nonprofit Executives: Hire to your weakness](#)

[Leadership is about opening doors for others](#)

[Grant seekers should focus ask on fit with grantma...](#)

[Building a movement to advance diversity, equity a...](#)

[The Heat is On: Tamper with the charitable deducti...](#)

[Business Intelligence can drive nonprofit sector d...](#)

[The Rise of the Mobile-Only User](#)

### Other Philanthropy Blogs

[Philanthro Media](#)

[Philanthropy 2173](#)


[Sharing Witness](#)

[Social Venture Partners](#)

[SSI Review](#)

[Tactical Philanthropy](#)

### Advertisers

 [Visit Philanthropy Journal's Job Page](#)

 [Powered by Blogger](#)

 [Add to Technorati Favorites](#)

inevitably involve the idea of charity in providing products or services. But freebies can be problematic: people don't value them and often suspect they are of inferior quality. By contrast, paying even a modest sum for a product or a service turns a "beneficiary" into a "customer." Additionally, a purchased product is more likely to be used.

Such social impact entrepreneurship changes lives and societies just as business entrepreneurs change industries. It combines a great but "disruptive" idea with the passion and unrelenting focus of an eager entrepreneur. It assumes zealous execution, focus on performance and results, adaptability, intolerance of bureaucracy, and distaste for meetings and conferences.

### **Dramatic Results**

I've seen this up close at [\*\*DKT International\*\*](#), where our transformative approaches "disrupt" family planning in 18 countries that contain more than 50 percent of the world's people. By leveraging the power of the private sector, we market and sell attractive, affordable contraceptive products and services through normal commercial channels. We educate consumers on the choices that best suit their needs. We train health providers to provide services that they had previously not offered (such as IUDs and implants).

We do this in countries like the Democratic Republic of Congo (DRC), where the per capita income is under \$400, as well as Brazil, where incomes are closer to \$12,000. In both places, we charge for our products and services, but in poor countries those charges are very small. In 2012 our revenue was \$200,000 in DRC and \$20 million in Brazil. In DRC, we need donor support; Brazil has itself become a donor to cover costs of programs in African countries like DRC. Similarly in 2012, Indonesia helped fund a new program in Ghana while DKT Philippines funded a start-up operation in Pakistan. Operations in India, Mexico and Turkey should begin making contributions in the future.

Our quest for leveraging the efficiencies of the private sector has found us stumbling on a cost-recovery and sustainability model that hints at the promise of long term financial strength and, at the very least, a highly cost effective investment for donors. Such results illustrate that doing good is not incompatible with earning an adequate financial return. Indeed, 70 percent of DKT's program costs are recovered through product/service

revenue (the balance came from donors) while providing consumers with something *they* value.

### **Business Models that work**

As social impact entrepreneurs, our country directors design and manage their programs more as businesses than traditional non-governmental organizations (NGOs), promoting family planning and safe sex messages through revenue generating models tailored to reach communities that were inaccessible 20 years ago. In countries with higher per capita incomes, this model delivers significant health impact to people of all income levels. In other countries, DKT's modest revenue generation and donor funds keep services affordable.

Through cross-subsidization we offer differently priced brands within the same product category to maximize both health impact and cost-recovery. Subsidized affordable condoms or other products sell alongside profitable premium brands. Even in poor countries like Mozambique, Sudan and Ethiopia (where revenue funds a significant part of the program), some level of cost recovery is possible. The result: DKT's cost per couple year of protection (the amount of contraceptive protection needed for one couple over one year) is a remarkably low \$2 per couple.

Overall in 2012, DKT programs prevented an estimated 8.2 million unwanted pregnancies, 2.6 million unsafe abortions, and more than 14,000 maternal deaths.

### **What's Needed?**

These programs work because DKT's country-level managers are entrepreneurs within a highly decentralized organization. Some managers have business degrees or experience. Others have worked in the nonprofit sector but demonstrated an entrepreneurial spark. They direct a combined field staff of 1,800 people and have wide autonomy to make marketplace responses quickly. Our headquarters in Washington has a staff of eight people – providing financial oversight and administrative support without slowing down the enterprises overseas with excessive supervision.

Essential to success: a relentless desire to get the job done, to avoid bureaucratic time-wasting, to solve problems, and, above all, to serve the customer. It's only with the wisdom of hindsight that I see that these facts were all brought home to me by that lady buying

contraceptive pills in a drugstore in Southern Ethiopia 14 years ago.



*Christopher Purdy is the executive vice president of **DKT International**, a non-profit, family planning social enterprise with offices in 18 countries.*

Labels: [Christopher Purdy](#), [DKT International](#), [family planning](#), [social entrepreneurs](#)

posted by Philanthropy Journal @ [11:33 AM](#)



### 1 Comments:

At [1:15 AM](#),  [Safdar Ali](#) said...

Nice article with great details. I really appreciate you for sharing this nice info with us through this blog. Thanks for sharing. [Entrepreneurship](#)

[Post a Comment](#)

[<< Home](#)