

Rev. Moon's Son Kook Jin Moon Answered Call to Help at Home

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In 2005, Moon Kook-jin was in the U.S. running his small manufacturing firm when his father asked him to return to his native South Korea to solve problems at the small conglomerate his father had started but left others to run.

For Mr. Moon, his return involved more than familial duty. His father, the Rev. Moon Sun-myung, is the founder of the Unification Church and one of the most recognized Koreans in the world.



Moon Kook-jin Reuters

After decades in which he and his associates ran the businesses more as charities than as for-profit organizations, Rev. Moon realized they were becoming a major drag on both the finances and reputation of the church.

His son was in his mid-30s, a point, the younger Mr. Moon says, "when I was willing to do something to help my community out."

As chairman of the Tong-il Foundation, which operates the Unification Church's businesses, Mr. Moon has pared the number of businesses to 12 from just over 30 via a series of asset sales and mergers. All now produce an operating profit and contribute to the charitable work of the church, instead of drawing money from it.

It has been a wrenching process, Mr. Moon said in a recent interview with Evan Ramstad at his office in Seoul. Mixing business and religion is always difficult, but especially so when one's father is a world-

wide celebrity. Excerpts from the discussion:

WSJ: What is the basic structure of the Tong-il Foundation or, in English, Unification Foundation?

Mr. Moon: I'm the chairman of the Unification [Tongil] Foundation here in Korea. That's a nonprofit. It's actually a religious institution by its corporate form. It's a supporting institution to the Unification Church. And our foundation owns a business group. We are different than other business groups in that other business groups operate to make profit for their shareholders. We operate to make profit in our business group for our church.

We have a church hierarchy. I'm not at the top of the hierarchy. My father is the leader of the church. My function is more like a chief operating officer. He actually decides where the major direction for our group investment is, which industries we're going to be operating in, and then I'm executing the strategy and trying to make it work.

WSJ: What was the basic problem you encountered when you arrived in 2005?

Mr. Moon: We had a very challenging situation because we had over 30 businesses and we had quite a lot of losses in the group. And the accounting and management was less than adequate for the size of the companies we were running. We started investing in businesses [in the 1960s] because a lot of our members needed jobs. It was kind of like a jobs program initially. We were a new church and a new religion and we weren't really very well accepted in society. Our members weren't really given job opportunities. As a result, the management of the companies was not fully professional and they didn't operate efficiently.

WSJ: What was the first thing you did?

Mr. Moon: Within the first week I interviewed everyone at the foundation headquarters and the conclusion I came to was, if I'm going to fix this problem, it's not going to be with this staff. So this is where I first focused on changing personnel. I re-staffed the entire headquarters. I focused on bringing in a lot of professionals, CPAs, attorneys, seasoned managers and then we contracted with several consulting firms to help us start the process of reform. We spent a lot of time sorting out the group portfolio. We tried to scale down the size of the problem to make it more manageable. We got rid of the ones we didn't want to spend time on and made time for the business we wanted to fix.

WSJ: Would you describe some of the moves you made?

Mr. Moon: We had this business called INP, a shipbuilding business that was acquired by our group after our group restructured in the 1997 IMF crisis period. When we looked at the business, at the capability of that business, and the prospects going forward, we thought it was not possible to operate profitably for the foreseeable future. We got rid of that shipbuilding business and then another smaller shipbuilding business. Then we had a number of small manufacturing businesses, about eight of them. I worked very hard to change them and we turned them into one company called TIC. And it has viability now. They're in three major lines of businesses: automotive parts, grinding machines and ball screws. Now the business is viable. That process of integration was largely successful and that's a business we could expand through M&A.

WSJ: Was it essentially your goal to get the businesses to make money for the church?

Mr. Moon: What was happening in the past was that the foundation received church donations from around the world and a lot of those monies were being used to subsidize the businesses we owned. That's

the reverse of the [current] model, though you can't say it's the complete reverse because the businesses were actually like welfare programs for church members. The difference now is, since all the businesses are profitable, the flow of money from church members to businesses has stopped. And now, the foundation receives money from the businesses and provides it to the church and its mission activities.

WSJ: What is your father's role on the business side?

Mr. Moon: I basically present recommendations from a professional point of view. The nonprofit aspect is up to my father to decide. Based on his direction and perspective, we proceed. My father has never really been interested in the details of the business. He's more interested in the overall direction. The actual detailed operations he doesn't really get so involved.

WSJ: Was it harder to let people go than in a normal business setting because many of the people were connected to the church?

Mr. Moon: It's been much more difficult to restructure this business than if it was just a normal business group that didn't have the religious component. You had a lot of cross-pollination from people who work in the ministry working in the businesses. But they weren't businesspeople by background. As a result, they really didn't know what to do or how to do things properly and there were a lot of mistakes made.

Well, it worked, but it was a very painful process. Whenever you do restructuring, you always have your standard demonstrations and hate mail. I had those. But because it involved the church, it was also a lot more personal. That was the most difficult aspect of it. I had lots of back-seat drivers.