



# Turning New Leaves

**TreePlanet: Changing attitudes toward  
forestation in South Korea**

*Ross O'Brien for the Centre for Asian Philanthropy and Society*



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### TREEPLANET: CHANGING ATTITUDES TOWARD FORESTATION IN SOUTH KOREA

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*Tech-savvy social enterprise TreePlanet leverages growing environmental awareness, current cultural obsessions, and high internet productivity to develop profitable products and services that are designed to get consumers engaged with environmental causes.*

**A**cross the globe, advertisers spent nearly US\$600 billion in 2015 on traditional, digital, and mobile platforms in the battle for mindshare, according to the research group eMarketer. The business of changing hearts and minds is a big one, and nowhere more so than in South Korea, where some US\$10 billion was spent the same year on the selling of goods, products, and ideas. In 2010 a small enterprise stepped into the fray, but with a clear social mission in mind. Korea's growing green economy and the value that corporations and individuals were now placing on environmental issues convinced TreePlanet's young co-founders Jeong Mincheol and Kim Hyungsoo that there was an opportunity to make money from products and services that encouraged people to become personally vested in combatting climate



A Mongolian girl spreads the TreePlanet message.

change while directly contributing to national and global reforestation efforts.

As a startup, TreePlanet has experimented with a number of concepts to achieve its aims, including a mobile gaming app, crowdfunding platforms, and more recently peer-to-peer eco-tourism models. With varying degrees of success, these products and services have allowed TreePlanet to channel investment into forestry initiatives while turning a profit. But its biggest win to date was the repackaging of tree replanting initiatives in a way that appealed to the desires of Korean consumers for personal identification.

TreePlanet's star product today is the planting of commemorative forests, the most popular of which are "Star Forests" on behalf of the fan clubs of popular "K-Pop" stars in Korea and China — 70 such forestry projects were planted in 2013–15. Beyond their commercial success, Star Forests have encouraged fans to come together and take an active and ongoing interest in the maintenance of these forests

and orchards after they are planted. In this sense, TreePlanet's core business revolves around leveraging the growing social value attributed to green issues in Korea while coalescing communities.

This is not to say that TreePlanet is in the business of physically planting the trees itself; it in fact has no forestry experts on staff. It typically works with established non-profits and government agencies to fund its projects, repackaging them and selling on the concept of personalized forests to individuals and groups. Half of the revenue it obtains through the sale of products, advertising, or crowdfunding donations goes directly to its tree-planting partners in South Korea and ten other countries, while TreePlanet retains a 15-percent profit.

In building a profitable business with roots in socially minded principles, the company stands out among a new breed of Korean social entrepreneurs who have been driven by the belief that it is possible to do well by doing good, drawing the attention of the South Korean conglomerate SK Group.



The Forest in Peace project commemorating the victims of the MV Sewol ferry disaster in 2014.

Seeing the social enterprise sector as a pathway to sustainable growth for the country, SK Group has sought to mentor innovative social enterprises and is developing a national framework to evaluate and quantify the amount of social good firms create. For now, the task of tracking attitude change and quantifying its social impact remains one of TreePlanet's most prickly challenges.

In its five years of operations, TreePlanet has seemingly succeeded at the difficult balancing act confronting social enterprises to meet its social objectives while remaining financially viable. But new challenges will emerge for the company as it seeks to expand. As its founders plan for international growth and a potential public offering, TreePlanet must find more robust ways to track impact and balance the commercial expectations of its investors and shareholders while staying focused on its mission of greening attitudes.

### STARTING UP

The landmarks which co-founder Jeong Mincheol uses to direct visitors to the TreePlanet offices explain much about how he sees his company fitting into Korea's social and corporate landscape. "We are in Sansu-dong—the Brooklyn of Seoul," he said, referring to the gentrifying former industrial zone where bootstrapping dot-coms and social enterprises enjoy cheap rent. "It is right across from the Seoul Forest, one of the largest, most beautiful parks in the city."

The five-year-old, ten-person firm shares space in an open loft with nearly a dozen other small social enterprises, all at least partially owned by Crevisse Partners, a socially minded venture capital firm and incubator. The raw concrete walls are stenciled with inspirational slogans, and staff wearing hoodies use scooters and skateboards to get to meetings, giving the place a start-up vibe.

The one thing you do not see in TreePlanet's corner of the incubator is trees — at least in the physical sense. Images of trees, however, are everywhere: cartoon tree characters with anime-wide eyes, created for TreePlanet's popular

smartphone game, stare out from multiple screens. A waist-high steel plaque, engraved "Forest of Yeon-Pyeong Heroes," stands next to Jeong's desk, a memorial to six South Korean sailors killed in a 2002 sea battle with a North Korean patrol boat. The plaque was scheduled to have been placed in that forest, a newly planted grove within Korea's Demilitarized Zone, but the commemoration ceremony was postponed due to tensions along the border.

TreePlanet's elevator pitch would be finished before the doors close. "We are a tree-planting company," said Kim Hyungsoo, co-founder and chief executive officer. Since 2011, the small enterprise has used revenue from various sources — mobile game advertising, product licensing, and crowdfunding — to pay for forestry initiatives that have resulted in the planting of more than half-a-million trees across working orchards, anti-desertification projects, and urban parks.

But Kim's literal description of his company belies its true purpose — TreePlanet is in fact a project in raising awareness. As important, if not more so, to funding forestation projects is the goal of changing the attitudes of its customers, which TreePlanet does by facilitating a personal affiliation with forestry projects. Moreover, Kim and Jeong do not simply wish to change attitudes among individuals. In building a business that funds environmental projects while consistently maintaining profitability, TreePlanet is doing its part to change corporate culture in Korea. Its commitment has drawn the attention of investors, partners and collaborators with aligned missions, attracting mentors in the form of the SK Group and venture capitalists (VC) Crevisse Partners, who believe that TreePlanet's ability to uniquely balance its social and business missions may allow it to become one of Korea's first publicly listed social enterprises.

TreePlanet has focused on using creative marketing and product design to create a bond with its customers, and develop a sense of ownership and community for the objective of planting trees that

extends well beyond charity. This has been done without detracting from the founders' objectives of growing a profitable "real" business. This may be why Kim and Jeong present themselves more like trendy advertising executives than forestry rangers. In a crisp suit and thin knitted tie, Kim's sleek clothes and high energy serves him well as TreePlanet's chief spokesman. Keeping with his role as TreePlanet's chief creative officer, in which he oversees the company's branding and co-branded relationships, Jeong sports a hipper, more bookish look of a cable-knit sweater and a blazer.

### PLANTING ROOTS

Neither Kim nor Jeong knew the first thing about trees or forestry management when they started their venture in 2010, and the two freely admit that they still lack the technical knowledge today. Despite this, TreePlanet has facilitated the planting of more than 500,000 trees in more than 100 forestry projects worldwide, ranging from anti-desertification projects in China and Mongolia, to fruit orchards in South Sudan and Burundi, to dozens of reforestation and urban greening projects in downtown Seoul. In fact, their focus on customer engagement — on creating a sense of belonging to these various projects — rather than the minutiae of tree planting has allowed them to successfully repackage and sell forestry projects to individuals and groups looking to participate in reforestation initiatives in ways that they could personally identify with.

Kim and Jeong met during their mandatory three-year stint in the South Korean army. Based on their prior training — Kim had studied filmmaking in Korea, and Jeong animation and graphic design at the California Institute of Arts — they were both assigned to a filmmaking corps. Beyond a common interest in visual arts and design, the two soon found out that they also shared a concern for the environment. Kim had made a couple of short films on whaling and other environmental issues while still in high school, while Jeong's awareness grew out of his time in California, where

"all my classmates were getting into organic food and sustainability causes," as he put it.

The two knew they wanted to pursue post-army careers that were somehow linked to their environmental consciousness, but they recognized that their interests were too broad and unfocused. They used the downtime they had in the army to read up on the environment and to brainstorm a specific direction, debating the impact that their efforts could have on various causes; the conservation of polar bears and whales emerged as potential avenues. Kim and Jeong finally decided on building a business around what they felt was the world's fundamental environmental issue: deforestation and its impact on climate change. "Increasing the world's tree cover is one of the most effective ways to meet the world's two-degree temperature target," explained Kim, referring to the figure set by the Intergovernmental Panel on Climate Change (IPCC) and ratified by the UN Climate Change conference in 2015. Forestation, the two pointed out, also has many other immediate benefits from tackling climate change impact, such as staving off desertification and reducing the degradation of arable land.

Building a social enterprise around tree planting — as opposed to joining one of several forestation non-profits in the country — was something of a blue-sky idea, but the two had been following the Korean government's Green Growth policy agenda "and were starting to get mad about all the greenwashing big companies were doing as a result," said Jeong. "We wanted to show that you could build a real business which would also have real environmental impact."

Their growing enthusiasm for tree planting was made all the more unusual by the pair's complete lack of professional experience in forestation. But it was not completely uncharted territory for South Koreans. Forestation has long been linked with development and social progress, particularly since the end of the Korean War in 1953. More than 80 percent of the peninsula was deforested as a result of the conflict, leading to flooding that in



TreePlanet works to personalize tree planting projects on behalf of its clients.

turn destroyed thousands of hectares of farmland and displaced hundreds of thousands of people. Reclaiming forested land became a cornerstone activity of South Korea's post-war reconstruction efforts. The National Reforestation Program, which began in 1962, channeled national resources into tree-planting initiatives on a massive scale, resulting in an average 200,000 hectares of forest planted annually between 1966 and 1980. Today, South Korea's forest cover makes up 64 percent of the country's land area.

For more than 60 years, forestation as a social good has been baked into the Korean national consciousness, and for Kim and Jeong it seemed a logical place to start to make positive change for the country. Desertification in Northern China has resulted in great amounts of dust blowing into South Korea, with detrimental effects for the climate; it was a contributing factor to the country's lack of snow this winter. Domestic and international non-governmental organizations (NGOs) have

for some years been engaged in de-desertification forestry projects in China, but their efforts, Kim and Jeong felt, had been insufficient.

A further confluence of factors in 2009 convinced the duo that the socioeconomic environment was ready for a business model — as opposed to a non-profit — to tackle the problem. “The Korean government had begun programs to stimulate both ‘green growth’ and support small- and medium-sized businesses with social agendas,” said Kim. The prospect of government support encouraged the two to start sketching out a business plan, but they soon realized that there were already a fair number of socially minded venture capital firms and angel investors in the market. In 2009, they made use of an R&R break in their army service to conduct a small roadshow, pitching VCs with an early outline of the TreePlanet concept, which drew a muted response. “Most did not understand social ventures — they told us they thought we were going to be a government-spon-

sored charity,” Jeong said. This did not gel with the pair’s intentions for TreePlanet as a self-sufficient business. “We felt that social ventures must survive in the real world, and not be dependent on external funding,” he said.

### GAME ON

The pair eventually connected with an investor community in Korea concerned with social impact issues. Most members were offshoots from the technology sector that sprung up during the country’s dot-com boom of the early 2000s. While these investors were looking for innovative social enterprises, they were also inclined toward ideas with a technology edge. Kim and Jeong deliberately tailored their pitch to make themselves appealing to this community, presenting TreePlanet as a company that would develop compelling products and services that allowed consumers to participate in tree-planting initiatives and putting their idea for a casual mobile game up front. “We had to convince investors that they were buying into an IT firm — young and hip to technology trends —

and not a ‘boring’ [corporate social responsibility] play” said Jeong.

This approach netted a small seed fund and free office space from a venture capital company. With this support, TreePlanet established itself as a social venture to fund reforestation projects by launching a game in July 2010 where mobile subscribers tended and grew virtual trees in the style of Japan’s popular Tamagotchi game, in which players cared for digital pets. Jeong himself designed the first two characters.

TreePlanet’s game is simple, as is the revenue model. Users feed and water digital trees and achieve points for growth and, like many other social games, they can buy items such as watering cans to grow their trees faster. These purchases allow users to feel that they contribute to TreePlanet’s forestry campaigns directly, though the company’s largest revenue stream was in-game advertising from corporations “seeking a ‘green halo’ effect,” according to Jeong. There were more than 500,000 downloads of TreePlanet 1 in the first two years, in part because its entry into the casual



The iPad version of the third edition of the TreePlanet game.

gaming market coincided with the introduction of the iPhone in Korea, which gained smartphone market share faster than the available number of Korean-language apps.

TreePlanet 1 was subtitled “Burning Desert,” and anti-desertification planting projects in China and Mongolia were the funding focus: from its inception, TreePlanet’s business model was set up to direct 50 percent of its revenue into the costs of acquiring land, materials, and labor for the planting of trees. Most of these projects are already ongoing initiatives run by government agencies or NGOs, and many large Korean corporations launched advertising campaigns in the game, providing additional funding. This includes Korea’s Hanwha Chemical Company, which has a large solar panel business with installations in China and Mongolia, and which served as a lead sponsor for TreePlan-

et’s Mongolia project, where some 230,000 trees were planted as a result of in-game campaigns.

TreePlanet’s simple business model has in large part allowed it to preserve itself as just that: a business. After half of the revenue is allocated to the forestry projects’ direct costs, TreePlanet’s own operational costs, including its not insubstantial IT costs, are contained at 25 percent of revenues, leaving the firm with a 15-percent gross margin and a 10-percent contingency fund. TreePlanet earned US\$1 million in revenues in 2015, and Kim and Jeong believe they are on track to triple that in 2016. “We want to build capacity for new business channels,” Kim said of the company. It is clear that TreePlanet’s investors regard it as more than a channel for donations; they see it as a sustainable business, one that could ultimately be listed in a public offering. Kim hints at a possible 2019 IPO



A reforestation project in China sponsored by Hanwha Chemical Company on one of its own solar panel installation sites in 2013 (above) and 2015 (below).

event as the TreePlanet team and its primary investor see that as a way of both generating the scale they believe the venture needs to maximize its impact, and to further cement the legitimacy of the company as a viable business.

### NEW OFFSHOOTS

To do this, TreePlanet needs to scale up, and though gaming apps are a good way to quickly build a user base and brand awareness, the growth of casual gaming in Korea has plateaued. TreePlanet launched two other editions of its game in 2013 and 2014, but neither generated even half the number of downloads for TreePlanet 1. Beyond the business implications, Kim and Jeong were conscious that the game might not be delivering its intended social impact. TreePlanet's gamers had high usage levels, but the founders felt that they were still somewhat disconnected from the tree-planting initiatives it funded. Despite attempts to get users engaged with the projects, they found that gamers preferred to spend time customizing and outfitting their own virtual trees.

Recognizing the appeal of personal identification, the company experimented with new products to engage its clients more directly. Starting in 2012, crowd-funded projects became TreePlanet's second focus, and today group-sourced funds targeted at commemorative tree-planting projects have emerged as the company's primary "product line." TreePlanet has not abandoned its game products, but it has turned down the operational intensity through licensing agreements, such as one with Zig Zag Zoom, a mobile gaming company founded by Disney Interactive executives to publish games with social messages.

The idea for branding commemorative forests initially came to Jeong's game design team when they noticed a particular trend among gamers. "We found that many game players were naming their trees after K-Pop stars, particularly around special occasions such as concert dates or the stars' birthdays," said Jeong. This was not just the case in Korea, but in China as well, where they have had some success

with the TreePlanet game and there is a substantial fan base of Korean pop music stars and groups.

TreePlanet's marketing team started contacting K-Pop fan clubs and talent management companies, inviting them to organize funding projects for forests "dedicated" to specific stars. They then built a crowdfunding e-commerce platform to host the clubs' campaigns. The result has been the creation of some 70 Star Forests, small plots of a few hundred trees dedicated to specific K-Pop stars and groups commissioned by their fan clubs. Some are reforestation or de-desertification projects, but most of them are urban beautification projects, with many situated in downtown Seoul.

The environmental impact of these is relatively small, but the potential for raising awareness is great as many of these Star Forests are highly accessible and often visited by fans and even the stars themselves. The Star Forest program has become so prevalent among K-Pop fan groups around the world that TreePlanet has even uncovered an imitation K-Pop Star Forest planted in China in which they had no involvement.

### TELLING TALL STORIES

The TreePlanet team sought out existing forestry projects to fund, through relationships built up with national and municipal parks and forestry management bureaus domestically, and international aid agencies and NGOs abroad. Lee Won-Young, director of the Landscaping Division at the Seoul Municipal Government, has worked with TreePlanet on several planting initiatives over the past two years as part of a citywide program to increase greenery in residential areas to boost community cohesion. "When TreePlanet works on a project, the residents are more satisfied and the program is more creative," he said. Their projects are only a small percentage of Seoul's overall landscaping commitments, but according to Lee they have been highly impactful in raising public awareness.

Outsourcing the actual planting projects was initially done out of practicality, because Kim, Jeong, and the rest of the team had no knowledge

or expertise in planting trees or managing forests. But they did possess a particular skill that no other tree-planting initiative had: the ability to use their media and marketing experience to engage clients and help others tell their own stories through their tree-planting projects. Soon, it became apparent that this in and of itself was TreePlanet's core competency. "We are using trees as a platform for storytelling," said Jeong. He noted that while established environmental NGOs have global reach and funding, they are commonly perceived as a channel for charity by donors who do not feel they have any "ownership" over the projects they fund.

TreePlanet's products and services, by contrast, are designed to give their customers a sense of ownership and a platform to come together and express themselves. "Tree Planet projects are a service to those that want to have a 'place' with which they can identify," said Jeong. "We are giving people the chance to 'own' a forest, to see it as equity, like a house." By linking their clients' own stories — a memorial for a loved one, a commemoration for an event, or a group activity — to the act of planting small, customized plots of forest land, TreePlanet hopes to increase its broader environmental awareness by getting its clients to literally identify with the trees they plant and to connect with like-minded people.

The story-telling imperative becomes most apparent for the cultivation of Star Forests. For years, fans of popular singers and actors, in Korea and around Asia, have had a tradition of buying their stars lavish gifts such as handbags or even sports cars. "This began to be criticized as '*chogong*' by the media," said Grace Jung, chair of the Park Si-hwan Fan Clubs Association, using an old term to describe the subservient tribute Korean vassal kings sent to China. Smartly turned out in a navy suit at the TreePlanet offices after work, she oversees a collective of fan clubs each with thousands of members, devoted to a baby-faced 28-year-old singer of smooth R&B-tinged ballads. "Even though fans see it as just a harmless hobby, we felt pressure to change the way we show our appreciation of the

stars in more meaningful ways," said Jung. Fan clubs have thus sought to redress their image by sponsoring charitable works in the star's name; in lieu of lavish gifts, the association began donating annually to well-building projects in Cambodia in Park Si-hwan's name.

But when Jung found out about TreePlanet, which had garnered a strong reputation in the K-Pop fan community, they redirected their efforts. "There was a way to donate to a positive project but also have a sense of ownership," she said. A crowdfunding campaign quickly elicited contributions from 350 Park Si-hwan fans, and in November 2015 a forest in a Seoul park was commissioned with the singer himself in attendance at the ceremony. Jung said that what has been most satisfying is the time TreePlanet has invested in discussing and collaborating with the fans on the forest's details. "They have really tried to make us feel that we made this ourselves," she said. Many of her fellow fans visit the forest on a weekly basis, as documented through the steady social media stream of pictures posted of fans with "their" trees. Jung is currently considering another tree-planting project with TreePlanet, and as a result of her experience with the organization is looking at more sustainable ways for her fan clubs to make charitable donations, possibly instituting a monthly contribution system.

As the first snow of the year battles its way through China's haze to fall on one of Seoul's Star Forests, one immediately sees how fans demonstrate their sense of ownership and participation. Young birch trees are tied with ribbons and hung with plaques, offering best wishes to their idols and signed with fan club nicknames. To the side of the grove's entrance is a small mailbox, too brightly painted and old-fashioned to be an official Korea Post letter drop. It was placed in the forest during its commissioning, and fans regularly deposit letters and cards for the star. How are they collected? "Oh, his mother lives nearby, and regularly stops by to pick up his mail," said Kim Sohee, manager of TreePlanet's commerce team.

The all-encompassing task of helping people to tell and “own” their narratives has also bolstered staff loyalty within TreePlanet. The company has a small team of ten, all of whom work 15-plus-hour days doing a gamut of tasks related to marketing, sales, monitoring, and managing the company’s various forestry projects. They have not yet been able to attract experts in forestry management. “We find that it is very difficult to attract people with these specific skills,” said Jeong, because such candidates still do not regard TreePlanet’s efforts as “real,” hands-on forestry work. But what they have attracted are young professionals from the growing numbers of fresh graduates who are seeking an alternative to the corporate route.

“Young people in Korea want to be happy at work, but how can you be happy if others are not?” said 24-year-old Hanna Lee, a manager at TreePlanet, who explains why a socially responsible business makes sense for her and her generation. Lee, a psychology major, was mulling her job prospects when she read about TreePlanet while browsing at a bookstore. “An article described TreePlanet as a change-maker in the world of giving,” she said. “I thought about that, because there are a lot of jobs in Korea with big companies, but not many were you can have an immediate meaningful impact.” Lee quickly got in touch with TreePlanet, which took her on as employee number three, where she has thrived in the all-hands-on-deck environment.

Like her fellow team members, Lee does not consider herself an eco-warrior. “I am *not* an angel,” she said. “I live minimally, but I am not obsessed with environmental causes.” Lee and her colleagues are driven to have a fulfilling — but lucrative — career that has a social good as a clear, immediate outcome of their efforts. The only downside, she observed, is one that she shares with her teammates. “Most of our staff have parents who don’t understand what we are doing, and some actively dislike it,” said Jeong.

### IT TAKES A VILLAGE

Building a sense of community is a driving force for most of the TreePlanet team. Kim and Jeong re-

fer to everyone in their network as a “partner” and are constantly seeking out new relationships. Their burning desire to collaborate — in search of new ideas, business scale, or just a sense of community in Korea’s nascent impact sector — has put them in the path of several valuable partners, similarly searching for ways to do good while doing well.

When the TreePlanet team met Kim Wonyoung, managing director of Crevisse Partners, the social impact synergies were immediately apparent to both sides. They met at a global social venture competition in 2010, in which TreePlanet was competing and Kim Wonyoung was giving a lecture. Crevisse was founded in 2007 by Kim and some colleagues, all veterans of Korea’s dot-com boom, to invest in and build technology-focused, socially responsible businesses. By the time of the meeting with TreePlanet, Crevisse had two wholly owned businesses in the social enterprise space; Donus, an e-commerce platform for donations used by NGOs such as World Vision, and a digital marketing firm for impact ventures called Inspire.D. Crevisse held stakes in several social ventures under their roof, and it acquired early positions in one or two promising social ventures annually, taking 5-percent to 25-percent equity with less than US\$200,000, to incubate them, and possibly bring them to the capital markets.

Despite their lack of forestry experience, Kim Wonyoung thought that TreePlanet had something to offer the Crevisse team. “I came back and told my partners that I just met these two guys who want to plant trees all over the world, and I thought they were doing something more important,” said Kim. Crevisse took an equity stake in TreePlanet soon after, and the team moved in with them. This happened quite literally. In addition to taking up desks in the Crevisse incubator, both TreePlanet founders moved into an apartment within walking distance of the office, with some of its other entrepreneurs. “Kim Wonyoung and Crevisse Partners focus not just on our company, but on the team members themselves,” explained Jeong. “They told us early on that if we plan to

spend as much time at the office as most entrepreneurs, we should reduce our commute.”

The relationship with Crevisse has other advantages for TreePlanet, providing a built-in back office for the fledgling team. The incubator provided a ready-made social enterprise community, and Donus and Inspire.D give technical and marketing support to TreePlanet on an outsourced basis. Kim Wonyoung and his partners also make mentorship a formal part of the relationship with their invested businesses, and commit to spending at least 300 hours of management time each year on every business in their portfolio.

TreePlanet, in Kim’s Wonyoung’s opinion, made a compelling addition to the Crevisse portfolio because it had a collection of attributes that he sees as essential for success in Korea’s new impact economy. “They are focused on technology, but not obsessed with it, he said. “Their business and social missions are well-aligned, and they really want to make it a mainstream business.” More fundamentally, Kim Wonyoung sees TreePlanet’s canny knack for spotting and then seizing market trends

in innovative ways as crucial to maximizing their impact. “They launched a mobile game at the right time to catch the casual gaming wave, and they went international at the right time,” he said.

It is these big-picture aspirations that make it a good candidate for an IPO — something no other Korean social venture has yet attempted. But Kim Wonyoung believes that listing TreePlanet would be a key achievement in further changing views about the roles that corporations play in society. The challenge for the company, as he sees it, is one of staying the narrow course between TreePlanet’s social and business objectives. This is, he feels, a pervasive issue for all social ventures: “When the business starts doing well, the social mission often gets lost; maintaining a constant awareness of your values and your bottom line is hard,” said Kim Wonyoung.

### ABOVE THE CANOPY

Another important partnership TreePlanet has forged has been with SK, a chaebol with US\$157 billion in 2014 revenues from large integrated



The Roy Kim Star Forest in Seoul.

business lines in energy, chemicals, and IT and telecommunications. For some time, SK had been looking to redefine the nature of its CSR practices. “Our industries are linked to growth in the community,” explained Joon Choi, vice president of SK’s Corporate Contribution Team, which runs the company’s initiative to support social enterprises and to understand how they can change the future of Korea’s corporate landscape. “Our whole country was built with sleeves-rolled-up entrepreneurialism — first post-war trading firms, then high-tech dot-com companies. Social enterprise firms are the entrepreneurs of today and can help us rebalance an economic system that has been too focused on big corporations,” said Choi.

SK believes that social impact will be the driving motivation for Korea’s next wave of entrepreneurs, and it seeks to cultivate its country’s emerging social impact sector. Direct investment and guidance is one avenue, as well as developing its own cluster of 13 social enterprises within the Happiness Foundation, SK’s own social enterprise incubator. Forums and social enterprise competitions brought TreePlanet in touch with SK. After winning an SK competition in 2012, TreePlanet joined its Social Progress Credit program, which provided the young organization with an additional avenue for mentoring and access to good ideas from the other 50-plus participating social enterprises.

From the very beginning, TreePlanet stood out. “TreePlanet was a very different type of social enterprise,” recalled Choi. The two companies share a common goal of changing Korean mindsets, not least in its fundamental purpose. “Tree planting is something that SK has been involved in for over 40 years,” said Choi. SK’s work with TreePlanet also feeds into a larger goal: to make social impact a measurable and normal activity of all businesses. Choi’s team is developing a methodology for evaluating and measuring the good that socially minded can firms do, and eventually building metrics that will be used by consumers and financial analysts alike to evaluate all firms. “The Social Progress Credit program will be like the General-

ly Accepted Accounting Principles (GAAP) for the impact sector,” he said.

As of March 2016, TreePlanet is one of 52 companies participating in SK’s research to develop its Social Progress Credit scheme, where in addition to observing the day-to-day operations of the social enterprises involved Choi’s team also contributes mentoring and structured guidance. “We want them to be a main character in this story,” he said. For Choi, the narrative around social enterprises has to change for Korea and the world economy to continue to grow stably and securely “The current system has so far been driven for profit, not for purpose,” he said. “We want the market system to become more accommodating for all participants in our society and more engaged in building stronger communities.”

Choi believes that purpose-driven companies can ultimately be more sustainable if they have better access to resources in the capital market. “This can be possible if we can make evaluations on their contribution to resolving societal issues in a systematic manner, and investors can make more informed decisions based on accumulated performance-related information,” he said. “We aim to estimate the social value created and make such information available in the capital markets, giving purpose-driven firms access to capital in the same manner as ‘traditional’ firms.”

## LESSONS AND CHALLENGES

TreePlanet seeks to influence as many people as possible to change their assumptions of what they can do about climate change. Through the commemorative forests, they have created a virtuous business cycle where their social impact is increased with the scale their operations undertake. In this spirit, Kim and Jeong are looking to expand TreePlanet’s international presence. While most of its projects are in Korea, TreePlanet has already funded projects in ten countries and hopes to dramatically increase the number of forests planted and participants involved, extending their reach to the Amazon Rainforest and eventually allowing

users to participate in reforestation projects in any country on earth, said co-founder Kim. But as it moves into new markets, operational risk will be of greater concern to the company. A rebel insurrection in South Sudan last year overflowed into a region where World Vision was managing a mango tree farm funded by TreePlanet, causing the project to be abandoned. Moreover, as the recent delay in the Yeon-Pyeong Heroes forest commemoration has shown, geopolitical tension can be a risk to TreePlanet's domestic objectives as well.

Another issue that TreePlanet needs to address as a matter of sustainability is the composition of its internal resources. By funding established forest projects, the lack of forestry experience was not critical and in fact freed up the team to concentrate on the story-telling aspects of marketing, promotion, and product development activities around the tree-planting initiatives that enhanced the client's sense of ownership and community. That said, TreePlanet's lack of hands-on participation has meant it has sometimes failed to follow through with projects, to the dissatisfaction of some customers. TreePlanet's team acknowledges that having no in-house expertise has limited their effectiveness on projects, and post-planting details, often left to municipal organizations or NGO partners, sometimes have not been managed well. "Some urban forestry projects have received negative feedback, because we haven't been able to replace dying trees quickly enough," noted Kim Sohee of TreePlanet. To address such operational challenges, Hanna Lee said that the company is considering the acquisition of a planting agency to bring project management and post-planting support in-house.

Though many fundraising activities are online and efficiently automated, the execution of forest projects is highly customized. "We are a service to our customers, so we cater to their specifications on the name cards on the trees, the types of trees, and their desired promotional activities," said Jeong. This is all in service of generating that customer engagement, but he admitted that the resources required for personalization are a management

challenge for TreePlanet's ten-person team. After each forest is completed, TreePlanet is usually contracted to maintain and manage the forest for the donors for a two-year term, but Kim and Jeong are looking into ways to turn longer-term "after-sales maintenance" contracts into another revenue line.

## OUTLOOK

TreePlanet seeks to triple its revenues in 2016 and is committed to developing projects that bring it the biggest returns in scale. Though Star Forests help raise the firm's visibility and brand awareness, they are small in size and a resource-heavy undertaking. It has more recently given rise to a line of memorial forest crowd-funding initiatives, largely for commemoration of loved ones or tragic events such as the Yeon-Pyeong battle, or the 2014 sinking of the South Korean ferry MV Sewol, under a program branded Forest in Peace.

To achieve its aims, TreePlanet has shown an inclination to innovate and to change direction in response to shifts in the market, as it did when it seized upon the casual mobile gaming market opportunity and then pivoting away from it when it was not sufficiently meeting its objectives. While this willingness makes TreePlanet nimble, it also gives rise to potential inefficiencies in the development and distribution of its products. Its leaders need to blend its instinctive, experimental approach with a more structured project evaluation framework to guide and evaluate their constant stream of innovative tree-planting schemes.

As it has done since its inception, TreePlanet continues to experiment with social and technological trends to create new products and services. One such experiment is a venture into eco-tourism. TreePlanet is currently building a number of small treehouses in Chongju forest, a popular tourist attraction in Korea noted for a fragrant cedar tree, Hinoki, which is believed to have medicinal properties. The company is working on a business model to monetize tourist visits to the treehouses, considering various shared economy approaches such as

online group auctions for coupons, or peer-to-peer online booking. This will be TreePlanet's first attempt to directly invest and run an ongoing forest management project, while literally getting people closer to the trees they fund.

Perhaps the most ambitious of the social impact projects on TreePlanet's agenda is its agri-business plans. TreePlanet is preparing to launch micro-investment programs to support small shareholding farming initiatives in emerging economies, and it is working with a Korean NGO in Nepal to create an investment structure for an organic coffee collective. This is an evolution of TreePlanet's earlier game advertising-backed initiatives that funded the planting of fruit trees for farming projects in Burundi and the failed project in Sudan. For Crevisse's Kim Wonyoung, TreePlanet turning to agri-business is another example of how the company has its finger on the pulse. "Food security and farming are the next big global investment waves," he said.

But again, Jeong noted, TreePlanet's social mission — to change attitudes around personal responsibility for climate change and ascribe social value to green attitudes — is just as important as the actual funding mechanism. "We want people to be able to say to their friends 'Hey, try some coffee from *my* plantation in Nepal'," he said. To this end, TreePlanet is attempting to construct an investment vehicle that allows donors to receive shares in the collective and provides each with a reasonable amount of produce shipments. There are some teething pains — TreePlanet and the collective's NGO sponsors have not yet been able to agree on price points for the coffee. But if and when they get it off the ground, TreePlanet will have not only further expanded its tree-planting mandate into another product line, it will have expanded its impact into food sustainability and social economic inclusion too.

TreePlanet's agri-forestry ambitions certainly have the potential for a bigger footprint and wider potential impact. As noted by SK's Choi, for the firm's forestry efforts to create large-scale impact,


they must be more sizeable in terms of additional emission-combatting trees and in the economic impact for the farmers and others engaged with the project. But as Crevisse's Kim Wonyoung pointed out, with growth and scale comes the fundamental challenge of the social venture: keeping to the impact mission.

Plans for expansion will require TreePlanet to scale back its penchant for customization. As a result, TreePlanet is starting to develop standard sizes and investment amounts for its forest projects in order to provide service efficiently and at scale. This will minimize the current model for its commemorative forests with its extensive client negotiation on sites and tree composition, which TreePlanet's small team finds extremely labor-intensive.

The search for scale has led TreePlanet to consider a range of licensing agreements and co-branded product sales. In addition to licensing its mobile game, it has several co-branded launches in the works with other green-minded brands and it is exploring a deal with Lush, the UK-based maker of natural soaps and cosmetics. Though the TreePlanet team acknowledges that these partnerships might not necessarily foster active customer participation, their hope is that partnering with more retail-oriented brands will create scalable revenue streams that will in turn allow them to invest in larger, more high-impact forestry projects.

As TreePlanet expands its business and extends its affiliation with corporate partners, it will come up against a new set of commercial pressures. Developing a robust framework for quantifying the impact of social enterprises in Korea is still very much a work in progress, as Choi noted. But as TreePlanet makes grand plans for global expansion and a potential IPO, such efforts could eventually help it to maintain the fine balance between social impact and profits.

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## QUANTITATIVE INDICATORS

### Financial

Planned budget or income versus actual expenditure for the fiscal year*	Revenue: US\$900,000
Income composition by source: individuals, corporations, events, trusts, other (please specify)	Corporate advertising revenues: US\$270,000 Individual product purchases: US\$630,000
Income composition: domestic versus international	Domestic: US\$650,000 International: US\$250,000

### Personnel

Staff retention rate	60% (6) staff retained in 2015
Turnover rate	40% (4) staff left in 2015
What is the board composition?	Various occupations Gender: men 80%; women 20%
How many meetings does the board hold per year?	4
How many staff members are there?	10
How many staff members have attended some non-profit or management training course?	7 (70%) have attended a training course for companies incubated by venture capitalists Crevisse Partners

*Quantitative Indicators Continued***Organizational**

Do you publish an annual report?	No
How many sites/locations do you currently operate in?	South Korea and 10 other countries
Do you measure results?	By social and environmental benefits, which differ according to the purposes of each project
What types of outreach?	Online through gaming platform, and via fan clubs and other groups and communities
Do you regularly meet with government representatives?	Yes
If yes, on a scale of 1-3 how close is the relationship with government? 1 = not close; 2 = & somewhat close; 3 = very close	3

\* All figures for 2015.