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Hals Chief Synchronizes Personal and Professional Development

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Sergei Kalinin, president of one of Russia's largest real estate developers.

When Sergei Kalinin came to Moscow from Kazan in early 1992, he was much like Alexandre Dumas' mischievous musketeer, d'Artagnan, arriving to conquer the French capital — a little cash in his pocket but plenty of ambition in his head.

Twenty years later, Kalinin may not be the captain of musketeers, but he is the president of Hals Development, one of Russia's largest real-estate developers.

The company specializes in commercial and residential real estate and has eight such properties under development this year. Its more well-known projects include the reconstruction of Detsky Mir near the Lubyanka metro station and the Pekin Hotel near the Mayakovskaya metro station. The firm has also recently outlined plans to start building economy-class housing in the Moscow region, thus adding to its traditionally business and luxury residential portfolio.

Kalinin, 40, began his career as a journalist, but due to external factors — mostly hunger — he felt the necessity to transition to the world of business. Journalists got paid little at the time, and his student scholarship was just enough to buy two meals at the cafeteria. As a solution, Kalinin got a job as a salesman in a Western company that sold chocolate, where he developed a passion for commerce.

As the rhythm of the business world pulled him in, Kalinin went on to work at other food companies and even a Ukrainian beer manufacturer before eventually switching to real estate.

"It doesn't matter what industry you're involved in, whether you're manufacturing rockets or tanks, extracting oil, producing plastic toys, building shopping and business centers. Everything revolves around people, around ideas, around enthusiasm," he said of his diverse job experience.

In June 2011, Kalinin was appointed president of Hals Development, where he managed to increase gross profit by 155 percent to 6.85 billion rubles ($207 million) last year, though the net loss that year still amounted to 1.1 billion rubles as the company continued to pay off its postcrisis debts.

Kalinin sees people management as the essence of his work. His main strategy is to provide employees with a solid motivational anchor for working in his team. Nonmaterial motivation is particularly important in Russia, Kalinin said, because Russians traditionally value working for an idea.

The number of locals who prioritize nonmaterial motivations has dropped with the arrival of capitalism, but their overall percentage of the total population is still one of the highest in the world, Kalinin said. He estimated that if 15 to 20 percent of people in other countries put the most value on nonmaterial motivation, in Russia this number is closer to 50 percent, and as many as 80 percent among the older segment of the population.

"People work for food, a salary and welfare to a certain degree. After a certain point, they start to work for self-realization," Kalinin said. "If you pay people twice as much, they won't start to work twice as well."

For this reason, Kalinin also supports the idea that job applicants do not have to have a specific skill set in place to be hired. As long as they have enthusiasm and the manager's trust, they can be taught anything, he said.

Enthusiasm was one of the things that brought Kalinin to his current position. And although now, with his youth's financial woes behind him, Kalinin has the luxury to work in any sphere that he wants, he prefers to stay in real estate.

"I really like real estate as a business because it is one of the few where you can be proud of what you have built, if you built it well," Kalinin said. "Every man wants to leave a legacy after he's gone. Architecture and construction allows you to do so."

Beyond personal self-realization, Kalinin said he saw a lot of economic potential in Russia's real estate market, especially when compared to its stagnating counterpart in Europe.

"The percentage of profit that you can earn in Russia, the percentage of capitalization, is

about twice as much as the rates in the United States and Europe, so if you want to make more than the premium income that you'd get in Europe or the states within a few years, you have to invest in real estate in Russia," he said.

Kalinin added that the real estate market would continue to grow in the country, especially in the residential segment.

This optimistic prognosis is bringing changes to Hals Development as well. The developer has traditionally invested in business and elite residential construction, but is now also exploring building economy class housing.

Hals is looking to buy two plots outside of the Moscow Ring Road of 200,000 to 250,000 square meters each, Kalinin said. Work in the economy sector is a way to diversify the developer's portfolio and manage its financial resources better by getting quick, though smaller profits from lower-end residential construction while continuing to get long term, large profits from luxury developments.

Regional construction is also becoming more attractive. Kalinin said there were some cities, such as Novosibirsk, Kazan and Rostov-on-Don, where infrastructure and living conditions were not much different from that in the capital. Regional cities with populations of half a million residents are also improving, though it will take 30 to 50 years to develop smaller cities and villages, he added.

The president of Hals Development prefers rural life in a house outside the city, enjoying bird songs everyday, a finch and starling recently giving memorable performances in his garden.

Having finally settled on a comfortable country existence after personally experiencing all kinds of residential conditions, Kalinin is not nostalgic for the simplicity of the dormitory life that he enjoyed when he first came to Moscow with 100 rubles in his pocket.

"At 17, there are of course advantages [to such accommodations], but at 40 I wouldn't recognize them," he said. "I lived for two years like that. Cockroaches. Spaghetti every day."

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