

TWILIGHT OF TH



TWO CHEESY FORTUNES AND THE LEGACY THEY WILL LEAVE BY BRYAN GRULEY

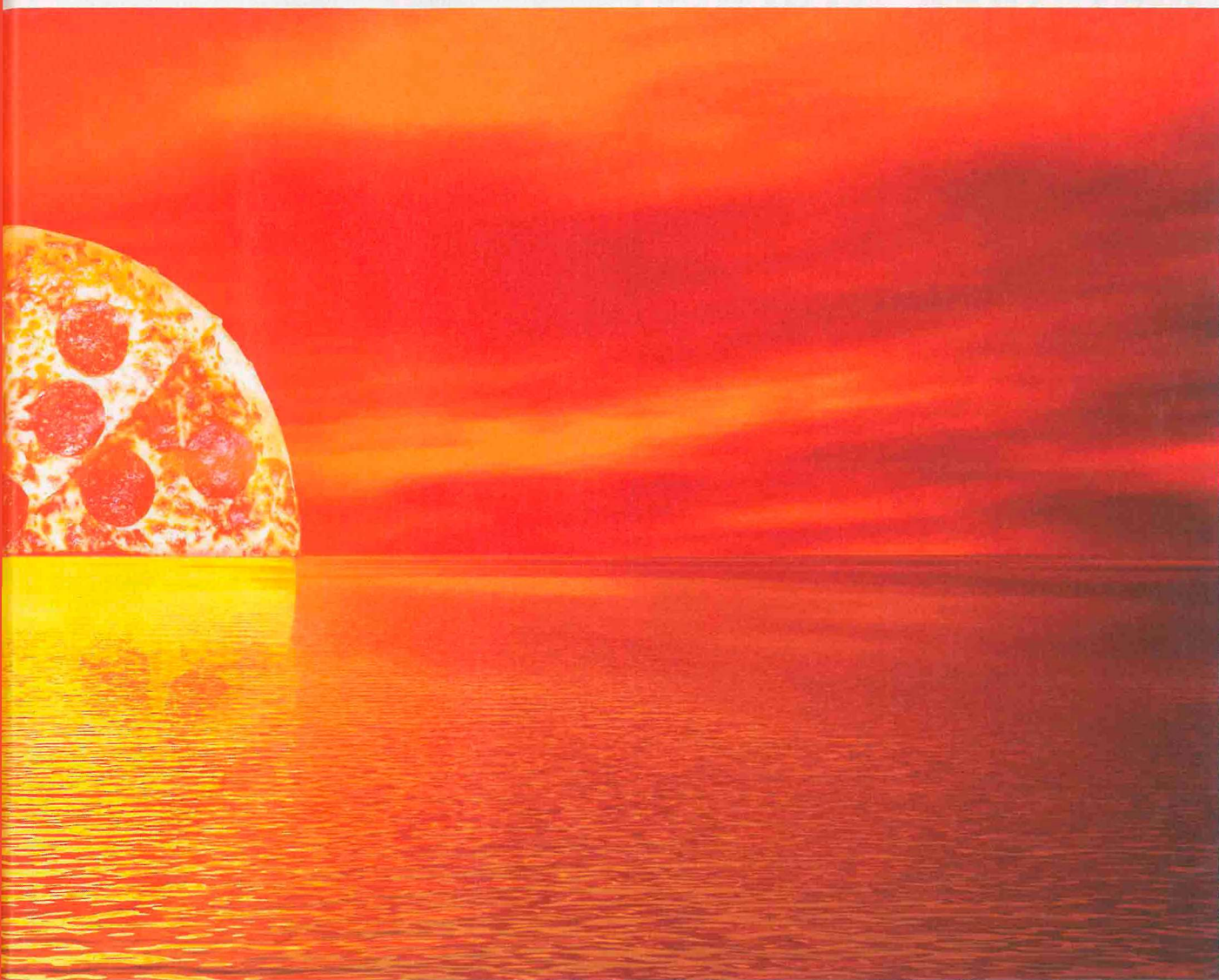
Tom Monaghan was once a billionaire. He owned 244 classic automobiles, including a rare Bugatti Royale. He built a \$30 million resort on a Lake Huron island. He hopped helicopters from the headquarters of the company he founded, Domino's Pizza, to watch the Major League Baseball team he owned, the Detroit Tigers.

The Tigers, the resort, and the cars are gone. The man who invented 30-minute pizza delivery sold Domino's and eats less pizza these days because he's gluten-free. He spent most of his fortune creating a foundation, a university, a law school, a mutual fund, and a radio station that embrace his Roman

Catholic beliefs. At 77 years old, he rises each day at 1:50 a.m. After prayer, reading, exercise, and Mass, he goes to work in his cubbyhole of an office in the building that houses his old company, surrounded by milky glass statuettes of the Virgin Mary. Monaghan says his ultimate goal is "to get into Heaven and take as many people as I can with me."

Mike Ilitch is still very much a billionaire. The founder of the privately held Little Caesars takeout pizza chain owns the Tigers, which he bought from Monaghan, the National Hockey League's Detroit Red Wings, Detroit's ornate Fox Theater, and tracts of vacant downtown land littered with rocks and broken

THE PIZZA BARONS




glass. The man who drove rivals crazy by selling two-for-one pizzas now is being called batty for committing \$292 million to Tigers superstar Miguel Cabrera. At 84, Ilitch is desperate for his team to win its first World Series since 1984. From his 10th-story office in downtown Detroit, he can see Comerica Park where the Tigers play near the lots he plans to develop into a commercial and residential hub revolving around a hockey arena. Ilitch declined to be interviewed.

Mike Ilitch and Tom Monaghan are Detroit's unlikely pizza barons, and their stories are drawing to a close. Detroit is never confused with Chicago or New York as a pizza town, but Domino's, the nation's No. 2 pizza chain behind Pizza Hut, and No. 3 Little Caesars together claimed 20 percent of the \$34 billion in sales at U.S. pizza restaurants in 2013, says research firm Technomic.

Monaghan and Ilitch barely know each other. The Domino's founder says in an interview he can't recall ever tasting a Little

Caesars pizza, "though I must have a long time ago." A sculpture hanging in the archives at Little Caesars' headquarters makes fun of a Domino's slice as having "hard, tasteless crust, topped with artificial, flat, and runny cheese." It's a fluke that the chains emerged from the same corner of Michigan at roughly the same time more than 50 years ago. Yet, in different ways, Domino's and Little Caesars changed the way Americans eat pizza, helping to make it one of the country's most popular foods. The pizza barons were great at selling pies. Now one wants to save Detroit, and the other wants to save everything else.

The blinds in Monaghan's office outside Ann Arbor, Mich., are drawn on a rainy spring afternoon. "I don't like to look into the window when I'm talking to somebody," he says. "I usually have no idea what the weather's like outside." His shelves are lined with glass tulip vases he collects, books about 

"I REALIZED I WAS A SHOWOFF. I WANTED NOT JUST MORE, I WANTED MORE THAN OTHERS"

Catholicism, and busts of Mother Teresa and Ronald Reagan. His desk is strewn with yellow legal pads scribbled with ideas for new projects. "I usually have three or four running at a time," Monaghan says. He looks fit in a navy suit, rimless glasses, and polished black wingtips. Before each of his predawn workouts, he weighs himself; today, he's 157¼ pounds. "A little heavy," he says. "We had a steak dinner last night." He balks at saying how many push-ups he can do because he worries it'll undermine the credibility of everything else he says. He finally admits he can do 800 in three sets, adding, "They're not the best push-ups."

His office is cocooned in Domino's Farms, a prairie-style, copper-roofed, 0.6-mile-long building inspired by a lifelong Monaghan hero, architect Frank Lloyd Wright. It nestles in a pasture where a herd of buffalo roam not far from U.S. Highway 23. A big chunk of the building is the global headquarters of the company Monaghan started. He leases the space to Domino's.

More than 40 percent of orders at Domino's 4,986 U.S. stores today originate online, but the key to the company's success remains the same as when Monaghan started selling pizzas in 1960 with a used oven and a rotary dial phone: the car. Monaghan's first was a 1959 Volkswagen Beetle. He and his fellow workers used it to ferry pizzas to customers no more than 30 minutes after they ordered. Other pizzerias offered delivery, but Domino's was the first to make delivery a differentiator. The trick, Monaghan says, wasn't in stepping on the gas but in making pizzas fast. Believing more choices meant more chances for screwed-up orders, Monaghan insisted on a bare-bones menu: only small and large pizzas and Coke to drink. "We had to beg on our knees to get Diet Coke in," says Harry Silverman, a former Domino's chief financial officer.

Monaghan began to dabble in Catholic causes. He established Legatus, an organization for Catholic chief executive officers, and donated \$50,000 to support a Michigan ballot proposal to ban state-funded abortions. After the National Organization for Women responded by calling for a boycott of Domino's, Monaghan told the *Ann Arbor News*, "It made me realize why martyrs die with smiles on their faces." He was equally busy giving interviews about his \$40 cashmere socks, his obsession with the actress Debbie Reynolds, and his growing pile of pricey

toys. He could afford them. In 1985, Domino's opened 954 stores, bringing the total to 2,841. The year before, the Tigers, which Monaghan bought for \$53 million in 1983, won the World Series. Today a replica of the trophy stands in a glass case down the hall from Monaghan's office.

Mike Ilitch didn't do delivery. The autoworker's son and his wife opened a takeout store in a suburban Detroit strip mall in 1959. Marian Ilitch thought of her husband as a Caesar, albeit a small one, and the company was born. The original Little Caesars sold 296 pizzas in its first week, according to Marian's handwritten record in a spiral notebook. Large pies sold for about \$2.30 apiece, the equivalent today of about \$18.50. An article in a local newspaper said Ilitch, shown in a black-and-white photo with his prominent nose and curly hair, had "big plans for the future."

Marian handled finances while her husband oversaw pizza making and concocted ways to sell more pies. The couple had done some scraping by, prompting Ilitch to think he could entice families with low prices. He embraced coupons. An early one offered a five-quart plastic pail and a beanbag ashtray with the purchase of a medium or large pizza. Little Caesars grew slowly until the mid-1970s, when Ilitch started promoting two-for-one pizza deals. "Pizza! Pizza!" worked so well that he installed conveyor-belt ovens to keep pies coming.

At Little Caesars, dough was to be made fresh daily. Cheese had to be fresh, never frozen. Pepperonis had to lie flat. Crust—thicker than New York-style, thinner than Chicago deep-dish—had to be golden brown. "People don't realize what he's done with the pizza industry," says Mike Scruggs Sr., a former Little Caesars executive who runs franchises in Colorado. "He's the equivalent in my mind of Colonel Sanders or Ray Kroc."

Ilitch tried to buy the Tigers—he'd played shortstop in the club's farm system—and watched, heartbroken, as the team went to Monaghan. He settled for the Red Wings, then a struggling franchise known locally as the "Dead Wings." Ilitch's hockey stewardship reflected his quirky sense of what was possible if you didn't care what others thought. He hired away the New York Islanders' top scout while that team was in the midst of winning four straight Stanley Cup championships. He sent a suitcase of cash to lure a Soviet defenseman and smuggled a Czech player—along with his girlfriend—to the West in the trunk of a car.

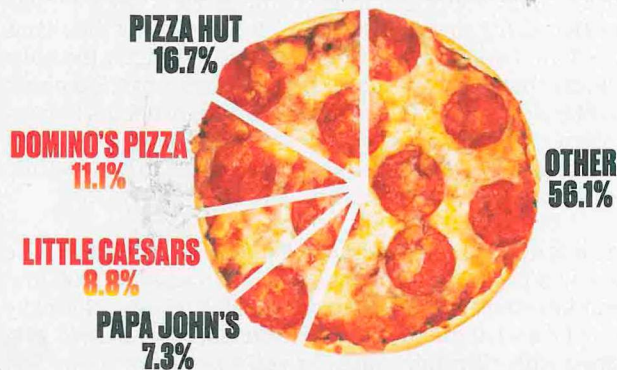
The Wings purchase also began Ilitch's close, sometimes fraught relationship with a city that businesses were abandoning. In 1987 he bought the dilapidated Fox Theater and spent millions rehabilitating it. Then he moved Little Caesars' headquarters from a suburb to an office tower adjoining the Fox. "It was really a leap of faith," says Emmett Moten Jr., then Detroit's top economic development official.

By 1992, Little Caesars, with about 4,000 restaurants, was gaining on Domino's. The Red Wings were competing for their first Stanley Cup in 55 years. Ilitch bought the Tigers from Monaghan, vowed to build a new ballpark, and reinstated beloved Tigers broadcaster Ernie Harwell, who'd been fired. He was a hero in his hometown.

For Monaghan, selling the Tigers was one small result of a spiritual epiphany. By his own admission, Domino's faltered because he was distracted by his ball club and other material pursuits. In the early 1990s he read a passage by Christian writer C.S. Lewis arguing that pride is the greatest sin. Monaghan lay awake that night fretting over it. "I always hated a showoff," he says now. "I realized I was a showoff. I wanted not just more, I wanted more than others. What I thought were virtues were really not."

He dumped his extravagances along with the ball club. In 1998

SHARE OF 2013 U.S. PIZZA RESTAURANT SALES





POPE JOHN PAUL II MEETS THE MONAGHANS DURING THE PONTIFF'S 1987 VISIT TO THE U.S.

he sold his company to Bain Capital for more than \$1 billion. His legal pads were crammed with ideas for building a conservative Catholic university that would churn out theologians, priests, nuns, and school principals. "There's so much you can do at a university that can change the whole world," he says. "I didn't want a diploma factory, I wanted a saint factory."

He put \$300 million into the construction of Ave Maria University and a new town, also to be called Ave Maria, on a stretch of tomato fields inland from Florida's Gulf Coast. The media lit up when Monaghan suggested condom sales would be prohibited in the town. Construction costs soared. Accreditation took longer than expected. Monaghan tangled with professors and others he'd hired at Ave Maria. He twice fired Catholic priest Joseph Fessio. "Tom is intelligent, very energetic, but nobody will contradict him," says Fessio, who was fired the second time when he told a board member that the school's finances were in disarray. "Just because you can afford a 747 doesn't mean you should try to fly it."

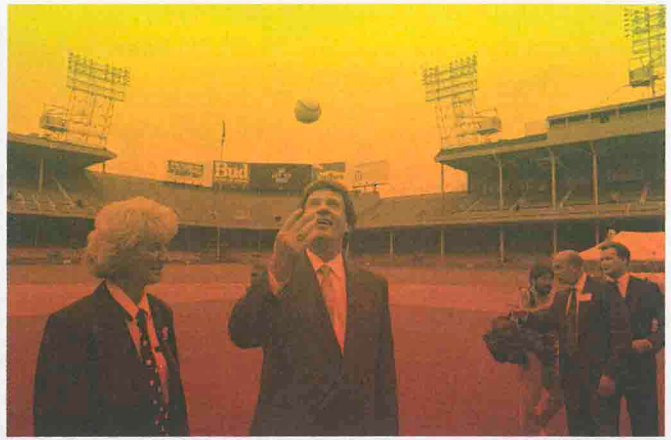
Enrollment at Ave Maria today is 900, with an expected incoming class of 400. The budget, once \$10 million in the red, is balanced, says university President Jim Towey, formerly President George W. Bush's head of faith-based matters. Monaghan loves pointing out that 20 percent of Ave Maria's graduates are married to each other and that the most popular campus organization is a pro-life club.

Monaghan's investment in the town, however, "has been a bloodbath," he says. The town has grown slowly, partly because of the recession, forcing Monaghan to pay \$5 million a year for roads and other upkeep. Although he's far from broke, he'd like a steadier source of revenue to plow into his philanthropy. Monaghan's trying to build a chain of hamburger delivery joints modeled on early Domino's. So far he has one, called Gyrene Burger, in the college town of Knoxville, Tenn. "If it gets to 100 units, that could make me \$3 million to \$4 million a year," he says.

Domino's went public in 2004. Monaghan says he admires how the company has evolved, but he doesn't own any shares. With a wife of 51 years (whom he met while delivering a pizza), four daughters, 10 grandchildren, and one great-grandchild, he says he has everything he needs. He drives a two-year-old Ford Taurus. "I've got better things to spend my money on," he says.

Wearing a blue blazer and waving from his box at Comerica Park, Ilitch appeared in public for the first time in months on a sunny Saturday in May. The occasion was a tribute to retired Tigers manager Jim Leyland. One after another, Detroit's players talked about how badly "Mr. I" wants a World Series trophy like the one outside Monaghan's office.

Six weeks before, the Tigers had rocked the sports world



MARIAN AND MIKE ILITCH IN 1992 AFTER THE LITTLE CAESARS FOUNDER BOUGHT THE DETROIT TIGERS FROM MONAGHAN

with a contract extension paying two-time American League Most Valuable Player Cabrera almost \$300 million—what Monaghan put into his university. Cabrera will be 40 before the contract expires. Tigers General Manager Dave Dombrowski, who negotiated the deal, says it was classic Ilitch. "He brings a passion to win," Dombrowski says. Ilitch also has had health problems in the past year, according to acquaintances and published reports. The Tigers have reached the Series twice in the past eight seasons, only to lose. The Red Wings have won four Stanley Cups since 1997 and made the playoffs 23 consecutive years. When recruiting baseball stars, Ilitch will show them one of his Cup rings and say, "I want one of these in baseball for Detroit," he told *SportsBusiness Journal*.

In 2005, Ilitch handed day-to-day operation of Little Caesars to a Domino's alumnus, David Scrivano. Little Caesars briefly tried and ditched delivery in the 1990s and offers no online ordering today. "There's no need, because we're already ready," Scrivano says. "Most of our customers live within five minutes of our stores."

Ilitch is a notoriously private man. Lately he's been thrust into the Detroit media spotlight because of his proposal to build an 18,000-seat hockey arena with a neighborhood around it. Ilitch and city officials say the project will generate an additional \$200 million in investment in housing, restaurants, bars, and other amenities, along with more than 1,000 full-time jobs. More important, they say, the development will link midtown Detroit with the downtown core and increase pedestrian traffic on days when no sports teams are playing.

The Ilitches stand to benefit, too. The city's Downtown Development Authority will own the arena and lease it to Ilitch's company essentially rent-free for as long as 95 years. Ilitch will pay the authority \$345 million over the first 30 years while collecting all ticket, concession, parking, and naming-rights revenue. Public funds will pay for more than 50 percent of arena construction. A recent cover of the *Detroit Metro Times* depicted Ilitch as a puppeteer of local politicians. Christopher Douglas, an economics professor at the University of Michigan at Flint, says public money targeted for the project could be better spent fixing all of Detroit's thousands of broken streetlights.

Ilitch supporters say it's preposterous to doubt his commitment. "I don't know anyone who would have done more for this community," says Scrivano, who was born and raised in suburban Detroit. In a way, by remaining closer to Detroit, Ilitch has given the city more to complain about. As for Monaghan, he estimates he's put \$600 million to \$700 million of his own money into his post-Domino's projects, a lot of it in Florida. He says money is all he misses about selling pizzas. **B**