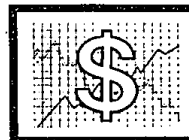


# Business

Marilyn Fitchett editor/591-2300



Thursday, January 14, 1988 O&amp;E

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## Big cheese

At local HQs, the push is on to capitalize on pizza's popularity

By Mary Rodrigue  
staff writer

When it comes to pizza, the secret is not in the sauce, the cheese, the crust, the price or the gimmick. It's in the marketing.

And it's no small pepperoni. The fast food pizza business is flourishing in southeastern Michigan, home of international pizza empires for Domino's, Little Caesars and other up and coming franchises.

"What's happening now (in the pizza industry) is what the hamburger industry went through 20 years ago — with McDonald's, Burger King, Burger Chef and Wendy's forcing out the independents. It's not that the independents had an inferior product, they just couldn't compete with the marketing," said Blake Discher, franchise development director for the Farmington Hills-based Oliver's Pizza.

"There's a special niche for people with a special niche, like Buddy's or Shield's, but generally, the mom-and-pop independents will be out of business, and I think that day will arrive soon."

Incorporated in 1982 by Dominick Oliver, a former franchise owner of several Dino's pizza restaurants in Michigan and Florida, Oliver's has 28 stores in operation, seven more under construction, and plans for 32 more stores in Michigan for 1988.

There are two stores in Florida (a dozen more planned), one in Texas (and 12 more planned) plus the company is targeting California,

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— Blake Discher  
Oliver's Pizza

Ohio, Indiana and Illinois for further pizza penetration.

"OUR CONCEPT is four-pronged — two for the price of one, an expanded menu, accepting all of our competitors' coupons, offering carryout and delivery," Discher said, adding that Oliver's strives "to be a blend of the good things from Domino's and Little Caesars." Hockey legend Gordie Howe is the company spokesman, and with blunts on WJR radio before Red Wing hockey and Tiger baseball game broadcasts, the benefits have been most fruitful.

"Business is excellent, so good that we will probably sell out of the Detroit market in April," Discher said.

"We'll close the market to outsiders and only let existing owners open additional stores in this area." Oliver's mentor in the business, Dino's, is still very much in the competition.

NOW CALLED Dino's/Crusty's International, the 30-year-old franchise moved corporate headquarters last summer from Oak Park to Livonia, adding 23,000 square feet of warehouse space to house virtually all of the company's

proprietary food and dry goods products.

Pizza Today, an industry magazine, rated Dino's/Crusty's 12th in number of U.S. pizza outlets last summer — a figure advertising director Joy McElroy says is still accurate. Sales reached \$70 million last year.

"We feel we have a better product," she said. "Our main push is old-fashioned goodness. We have a thicker crust on our round pizzas, we push fresh ingredients, we try to load up our pizzas more than other franchises. We don't like to skimp on our product."

The streamlined organization is converting the old Dino's stores into Dino's/Crusty's. The new store acquires a new name and look.

"Blue, sort of aquamarine/chartreuse is the new color," McElroy said. "Dino's colors were brown and orange. We're working on the development of a character for marketing. Domino's said (a little devil that is the company logo) attracts attention, but it has negative connotations. We're looking for something friendly and inviting."

The company is working on a new deep dish square pizza and has considered time limits on its delivery service. Competitor Domino's promises pizza in 30 minutes or \$3 off the price. After 45 minutes, the pizza is free.

Franchises continue to scramble for a top slice of the pie.

"PIZZA IS a growing industry," McElroy said. "It will never die out. There's always room for more. We're looking to be up there."

Paul Wolbert, vice president of franchising, has positioned Dino's/Crusty's as the leader in the field of pizza outlets that offer free delivery.

"We're going to build this thing into the third largest pizza organization. There's room for us."

That would be behind Pizza Hut and Domino's, number one and two



interchangeably, depending on who is doing the rating.

"We're number one, definitely number one," said Leesa Noon, operations manager for RPM Pizza, the Livonia-based and largest franchisee for Domino's Pizza, with over 250 restaurants.

"We're headquarters for Michigan, New York, New Jersey, Mississippi, Louisiana and Canada," she said.

"I think it's not just the free delivery and product but the training employees receive. I don't want to say goody-goody, but just a very clean company — no drinking, no drugs. They give people a chance."

With the company for three years, Noon, 21, feels it has given her ample opportunity and advancement.

"I got addicted to the company, which is good," she said. But what makes it a success to the pizza buying public?

"Lots of organization and caring about the customer. We really care about our customers, honestly. And that's trained into (workers) in special classes and sessions."

RPM Pizza began in Golfport, Miss., almost seven years ago, founded by Richard P. Mueller, an Ohio native.

"AS FAR AS delivery, we're number one. As far as the pizza itself ranking we're number two in the Detroit market after Little Caesars," said Keiko Palmero, company spokeswoman in Golfport.

A spokeswoman for Little Caesars, headquartered in Farmington Hills, said it ranks third nationally, behind Pizza Hut and Domino's.

"We're the number one carryout store in Michigan, with approximately 225 stores in the metro Detroit area," said Susan Sherbow, director of media relations.

Although the final tally is still out, business projections for 1987 were \$770 million for Little Caesars.

"I was just talking to our director of finance and we won't be more than 10 percent off that number," Sherbow said. "I have no idea what projections for 1988 will be."

Business is so good that it has doubled in the past couple of years, reflecting overall growth in the pizza industry, she said.

Little Caesars, with its little Roman soldier holding a spear trademark, is now in all 50 states — a franchise opened in Anchorage, Alaska, just a few weeks ago — plus Canada and England.

"It's a high quality product at a low price," Sherbow said. A side product that has become a big hit is crazy bread, soft bread sticks brushed with garlic butter and sprinkled with parmesan cheese. Little Caesars also offers salads and sandwiches.



## Business expo returns

By Neal Heidane  
staff writer

No one has to convince Bob Temske of The Main Office in Plymouth to participate in the second Greater Livonia Business Expo.

The co-owner of the small mail service business is hoping to experience the same results he had at last year's exposition.

"We doubled our sales volume and increased our customer base by about the same amount, and a good percentage of that was directly related to the show," said Temske, who owns the firm with his wife, Lynn. "I'm expecting the same or better result this year."

Richard Stemple, co-owner of Reliance Forms and Supplies of Farmington Hills, also is participating for the second time.

"We developed some leads and had a few new customers," Stemple said. "It's reasonably priced and a good way to get your name out and meet people."

Temske, Stemple and more than 50 other firms have already bought booths at the 1988 version of the business exposition scheduled May 10-12 at Schoolcraft College, Livonia.

More than half of the 110 booths available at the show have been sold, said John White, executive director of the Livonia Chamber of Commerce, sponsor of the expo.

"OUR GOAL is to have all of the space sold out by the first of March," White said. "That way, we can really go out and market the show for the people in the booth."

"We had a little over 3,000 people attend last year, and we'd like to double the attendance this year."

Efforts to bring more people into the show have resulted in a few changes for the Greater Livonia Expo.

On the second day of the show, Wednesday, May 11, the chamber has scheduled a luncheon that will honor three business leaders of the year.

In addition, a seminar on "Financing for Business, Modernization and Expansion" is scheduled that morning.

Later that day, Jacobson's will present a fashion show, "Dressing for Success."

And on the final day of the exposition, the chamber plans to host its "Business Connection" program in an attempt to bring more people to the show.

The popular cocktail party will return for the first night of the exposition with hors d'oeuvres from area restaurants.

Costs remain the same as last year at \$495 to \$2,000 depending on the size of the booth.

For more information about the Greater Livonia Expo, call Carolyn Skinner, 478-3187, or the Livonia Chamber, 472-2122.

## New tax brackets debut

If you know the new tax brackets and understand the provisions of tax reform, congratulations. Now forget about some of them: tax brackets will change dramatically in 1988.

According to the Michigan Association of CPAs, based in Farmington Hills, the most dramatic change will be in the tax rate structure. For income earned in 1987, there are five brackets ranging from 11 to 38.5 percent. In 1988, the brackets are reduced to three: 15, 28 and 33 percent. For many, the new tax brackets are good news because they will result in lower taxes. For example, a married couple with a combined taxable income of \$32,000 will be in the same bracket as a couple with a taxable income of \$70,000 — a marked difference from the highly progressive tax rate of just two years ago.

The new tax rates also mean higher taxes for some people with low incomes. For a single person, tax on taxable income of \$15,000 will be \$2,178 for 1987, but for 1988, taxes on the same taxable income jump to \$2,250. A single person with a tax-

**practically speaking**

able income of \$15,000 in 1988 paid \$1,922 in taxes. That's a 17 percent increase over two years.

The deduction for consumer interest also changes in 1988. For 1987, interest on consumer credit other than qualified home mortgage interest is only 65 percent deductible. For 1988, that drops to 40 percent. That means you lose 25 cents in deductions for every dollar of interest you pay on car loans, credit cards and for the higher consumer loans. In addition, since your tax bracket could be lower, the tax benefits will also be worth less.

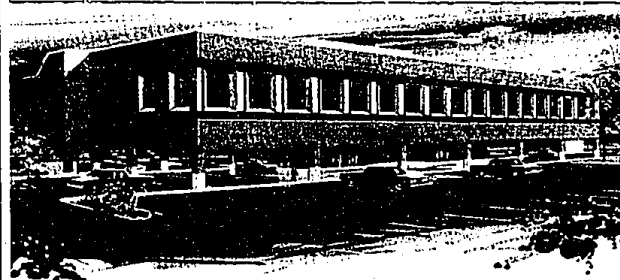
The same 65 and 40 percent figures apply to passive losses in 1987 and 1988 generated from activities entered into on or before Oct. 22, 1986. Losses for interests in activi-

ties acquired after Oct. 22, 1986 are not eligible for the limited deduction, but they are fully subject to the passive loss rules. Losses from a passive activity are deductible only against income from passive activities. Unused or suspended losses can be carried forward indefinitely and be used to offset passive income realized in subsequent years.

SPECIAL RULES apply to rental real estate activities. The passive loss disallowance rule will not apply to the first \$25,000 of net losses from rental real estate activities in which the individual "actively participated." The \$25,000 allowance will be phased out at the rate of \$1 for every \$2 of income as a taxpayer's adjusted gross income increases from \$100,000 to \$150,000.

The deduction for qualified investment interest costs — such as interest on loans used to buy stock — that exceed investment income, also falls to the 40 percent level in 1988 from 65 percent this year. Any disallowed investment interest expense may be carried forward indefinitely.

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For further information, please call Mr. William Shile, Assistant Vice President at (313) 471-8690