



CORPORATE BOARD CASE CUPOLA SOFT DRINK WEB-SITE

You are members of the Board of Directors for Cupola, a soft drink maker with \$5 billion in sales and profits at \$75 million annually. The marketing department has approached management about creating a web-site. The initial startup costs to develop the web-site are estimated at

\$300,000. To maintain the site would cost at least \$200,000 annually. Promotion of the site would be an additional half a million annually.

Sales on the Internet are practically nonexistent for a soft drink maker. In other words, today, a Cupola web-site would have no significant e-commerce dimension other than the standard lightweight content such as screen savers, ad campaign galleries and a hodgepodge of games and gimmicks.

Your marketing department, however, believes that it's important to build brand name for the company. They maintain that a corporate web-site should be another advertising venue of going to the market to promote and support your product.

As a board, you must decide whether to approve a capital investment for the development of a web-site.

SOME ITEMS TO CONSIDER...

- Keep in mind your responsibility as a board member.
- What other issues should you consider in approving or denying this request?
- What are the reasons for your board's approval or denial of management's request?

These comments are strictly for thought.

They do not necessarily have to be incorporated into your board resolutions.

