

# [Parity group plc uk – case study analysis](https://assignbuster.com/parity-group-plc-uk-case-study-analysis/)

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1. Executive Summary

Strategicleadershipin an organization requires a full capacity professional in terms of legal knowledge, administration, human resources and to transform companies into result-oriented and productive centres. Leadership must produce optimism and must drive its workforce towards right direction to achieve the tasks within a stipulated time. Without good leadership, there cannot be a clear layout of plan and at times, results are nil from workforce.  Whether working in teams or working as CEOs, every leader must possess certain pre-requisite skills to carry on the duties and responsibilities in a competent and efficient manner and it is also required to make other team members or subordinates to perform well.

Leadership at lower level or at a senior management level, the length and breadth of working is the same as thestressmanagement indicates that each leader passes through rising levels of stress until the tasks are achieved. Therefore, for all type of leaders viz., bureaucrats, charismatic, democratic, laissez-faire, people-oriented, servant-leaderships, task-oriented leaderships, transformational leaderships, transactional leaderships, or any situational leaderships, carry certain level of stress management, which, if dealt with proper strategic planning, all the objectives of leadership can be achieved.

Corporates as leaders earn reputation with thehard workof members of Board, shareholders and clients. The collective working spirit of Board of Directors makes a company to stand at the threshold of success which is the ultimate and final mission for any company member or an investor.  When a particular leader is unable to achieve the required objective for a company, that is an indication, that there is a requirement of change in leadership of the company or there may be any other reason for a company to give rise to change in the leadership of the company.

2. Introduction

Change management is a result of problems that require solutions and the inability of leadership to find solutions to the problems for a company.  Although it is a fact that no problem is without a solution whereas the solutions suggested by each leader produces different results which may or may not be acceptable to the company and in this scenario change management takes place. For a company to run successfully, requires an efficient leadership, professional conduct, ability to make the company to stay in profits and also to keep the employees most active and happy within the workingenvironment. Decision making, application of theories, implementation of suitable models in strategic management, forecast offinanceanalysis, risk analysis, SWOT analysis, PEST analysis, four Ps of marketing, finding the root of a problem,  critical success factors (CSF), flow chart analysis and above all innovative techniques and methods to solve problems are some of the practices in change management leadership.

The efficient leadership always reflects in the prosperity of a company.  The functional operation of a company, the compliance of legal procedures and requirements, winning the confidence of investors and also in keeping the confidence of company in bourses. For assessment of all the above, Parity Group Plc UK has been chosen for the purpose ofcase studyanalysis which has disposed off one of its own company to ECS Ltd., This paper analyses as to why Parity Group Plc sold one of its own company and what benefits did it derive by transferring the ownership to another company.

3. Parity Group Plc. UK

Parity Group Plc is a UK based company having its office at Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London, SW19 3RU, Telephone No. 0845 873 6945 and web site http://www. parity. net. Parity provides IT business services in the aspects of technical assistance, recruitment and selection process and also in providing IT training solutions. The company has its operations both in UK market and Irish market.

The company was established three decades ago and by staying the in the industry, the company developed expertise knowledge in finance, telecoms and in public sector. The company has also mastered in the subjects of assessment of skills and in delivering the concepts for IT projects throughout UK. The company endeavors to its fullest strengths in maintaining the competency in business performance which is why reputed companies viz., Barclays Bank, British American Tobacco,  Royal Bank of Scotland, Scottish Power are Parity’s clients.

The company has a mission to help its clients to meet the challenges and many companies trust and believe the working strategies of Parity. Throughout UK and Ireland, Parity has earned a very good reputation with its specialized methods in recruitment and also provides best candidates to the companies.

The company considers the concurrence, guidance and advice of investors while making decisions for Parity Group Plc.  The company has been marching towards collaborative solutions,  innovative systems for the benefit and achievement of objectives for its clients,

4.. A Brief Review of Literature for developing the Framework for Analysis

Parity Group Plc keeps its focus on the needs of its customers. Customer satisfaction, customer relation management  and customer service are equally important in the service industry.  In order to stay competitive in service industry, investment intechnologyalone is not enough whereas it enhances business processes and to deliver perfect solutions to the clients.

The models of change management must be error-free and must return expected results. Different leadership is required for different industries and organizations such as in restaurant General Managers at times check in as customers and inspect the room service and house-keeping service. In service industry where people management has to be perfect, prompt attendance to the customers is required. For instance, if a customer places an order for tomato soup while the respective lunch order is already prepared and scheduled for delivery, the flow of information is so fast, that the customer ordered tomato soup is added to the lunch within five minutes and delivered to the customer. The point of emphasis is on customer service in hospitality management.

Critical analysis whether the performance management is up to the standards or there is a scope for improvements is the main focus in strategic change management.   In this case of Parity Group Plc, one of the group company Parity Training has been disposed to ECS Ltd., for a cash consideration of ? 3. 0 million. The Board and investors collectively took the decision in order to make the financial position much stronger and also to grow with the existing two main divisions which are Resources and Solutions. The disposal is also subject to the approval of shareholders of Parity and to motivate the current senior management.

5. Discussion

Parity Training which is a group company Parity, UK is a leading IT provider for private and public sector organizations in UK. The company offers IT training courses through e-learning, instructor led teaching.  The company has been performing extremely well through service management and through development of business systems related to IT. With the success it received, the company implemented many strategic changes to maintain its reputation.  The Board of the company made an assessment of future challenges that may emerge in the market of IT training, which is why IT Training is required to be better placed in order to collect more reputation in the market. With this view, the Board decided to dispose the company initially to Xpertise, which did not work out and the Board proceeded with a decision to dispose Parity Training to ECS Ltd as ECS would enable the growth of Parity Training under new ownership.

The Board of Parity Group also believed that with the net proceeds received from the disposal of Parity Training, the overall borrowings of Parity Group can be reduced. Apart from this, there would be more focus and effort on the growth of company’s main divisions viz., Resources and Solutions.  On 28 January, 2009 the company entered into a Disposal Agreement with ECS to purchase Parity Training with full title and the entire share capital of Parity Training would be owned by ECS. The cash of ? 3. 0 million would be paid initially to an extent of ? 0. 5 million in cash. On Completion of the disposal  ? 1. 0 million is required to be paid in instalments and the buyer would pay a further amount of ? 1. 5 million on achievement of certain targets.

In this pattern of consideration, Parity Training has been disposed off by Parity Group Plc. UK as a part of strategic management to ECS Ltd, a Dubai based registered company.

6. The Case Related Events

The disposal of Parity Training by Parity Group Plc UK has enabled the company to provide more specialized services in the division of Resources which is already performing well by giving its services to both public and private sector companies in providing contract employment staff. The company already posted an operating profit of ? 2. 7 million and a revenue of ? 110. 3 million for the year ended 31 December 2007. In the division of Solutions, Parity provides IT consulting services, systems development and management services to both public and private sector companies who are specialized in Microsoft and Oracle technologies. With the expertise available at Solutions, projects are managed by staff at Parity. For the year ended on 31st December 2007, Solutions had earned operating profit of ? 3. 2 million with a turnover of ? 31. 0 million.

The Board of Parity has taken the decision basing on the future market conditions of IT sector which may deteriorate in the year 2009 and taking this view, the company decided to strengthen the two divisions Resources and Solutions which are already performing well and Parity Training has been disposed in order to circumvent any situation of financial crunch that may arise due to imbalanced and difficult trading environment in the year 2009 and the proceeds of Parity Training can be used at the time of financial crunch and borrowings from creditors can be reduced proportionately. This is an effective model of strategic management wherein the Board of Parity has saved its Group companies as well its market reputation.

7. Analysis of the Case

Although the company posted profits for the year 2007, year 2008 for the company has not given much of its efforts in the form of profits. The revenue of the Group was down to 7 percent which is ? 148. 7 million as against ? 159. 9 million for the year 2007. Profit after tax posted ? 4. 6 million as against ? 0. 1 million for the year 2007.   The company also noted that trading environment has deteriorated in the market whereas both the divisions of Parity Group, were also affected with the market conditions at a macro level. Resources division performed well whereas Solutions division was badly affected due to bad market conditions.  Disposal of Parity Training was completed by the Board of Parity in February 2009 in order to give more focus to the two main divisions of Parity Resources and Parity Solutions.  The chief executive of Parity Group stated that year 2008 produced mixed results for the company due to economic slow down at global level which affected client decisions in buying of Solutions and also for IT training of Parity. Further it was also noted that year 2009 is also unpredictable and the company is endeavoring with much hard work to be prudent and cautious in every deal with the clients.

Parity Group is extremely optimistic about its future whereas it has been reviewing the IT market conditions and accordingly making decisions through strategic management and in this mode of working, the transfer of knowledge and skill has been disposed off to ECS Ltd., Dubai under the supervision of Parity Group Plc UK. The company with its vast experience in IT field, is listed on London Stock Exchange.

8. Conclusion/Recommendation(s)

Firstly, Parity Group Plc UK is an IT company with rich and professional expertise in IT field and with three decade experience, the company has reached to a great point of success by getting listed on London Stock Exchange.  The decision of disposal of Parity Training has been suitably considered by the Board subject to the approval of shareholders of the company.

IT Training is a unique and specialized field which requires much IT skill and IT professionaleducation.  With the growing technology in computers and Internet, there is every opportunity that many people including children at students would be learning computer technology.  Therefore, selling Parity Training to Dubai has merely transferred the knowledge of Parity UK to Dubai whereas for future reference and advice Parity Group continues to regain its recognition in professional expertise.

Further Parity Group can also diversify its activities into net working system services, home based services or by expanding its activities on the web. There is more scope for collaborations, joint ventures and IT based solutions and services in bringing more recognition to Parity Group at international level.

In this era ofglobalization, wherein computers and Internet are ruling the world, especially where UK is the hub for business and technology, Parity has many advantages and strengths to its credit to perform well in future although the IT market is witnessing a downtrend in the current times.

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