

# Progress against our strategy

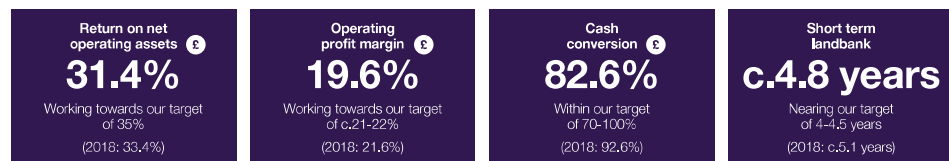
Our mission is enriching the lives of customers and communities by putting them at the heart of our decisions.

Our vision is working together to build dreams.

Our mission and vision drive us to deliver on our strategy and achieve operational success. The following section details how we are progressing against our 2023 strategic goals and our key performance indicators (KPIs).

[Read more about our Company purpose on page 69](#)

## Delivering against our 2023 strategic goals



We monitor our progress through a balanced basket of KPIs across our five strategic pillars. Getting these right will help us deliver on our strategy. These are: putting customers and communities at the heart of our actions; build quality; optimising our strong landbank; be the employer of choice in our industry and; best in class efficient engine room. Performance against our KPIs is outlined on the following pages.



## Putting customers and communities at the heart of our actions

### Principal Risks

**PR** Read more on pages 48 to 52  
**A, B, C, D, E, F, G**

### Performance in 2019

#### Customer satisfaction (Would you recommend?) 8-week score

Our 'would you recommend' score of 89.4% was just below the 90% five-star level in 2019. Whilst we missed this by a very small margin, we are disappointed to have missed this important target and are committed to achieving a five-star rating on an annual basis.

#### Customer satisfaction (Would you recommend?) 9-month score

Although it is common in the sector generally to see this measure trend at significantly lower levels, when compared to the 8-week survey 'would you recommend?' score, we were pleased to see an increase in this measure. This measure is important in helping us to understand longer term customer satisfaction.

### Priorities going forward

#### Customer satisfaction (Would you recommend?) 8-week score

Focus on bedding in new build processes to improve reliability of move in dates for our customers and continue to deliver a quality product. We aim to achieve a five-star rating on an annual basis.

For 2020, a key focus is ease of doing business with us, looking at how we work and what our customer facing teams look like. We will also launch our new customer facing website which will help customers and potential customers better understand what we do and our values.

#### Customer satisfaction (Would you recommend?) 9-month score

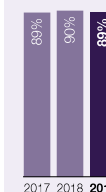
Remain proactive with our actions and processes to ensure customers are satisfied once they are settled in their homes. This includes helping our customers establish a community so that after nine months in their home they are calling our developments their communities. We continue to focus on build quality to ensure our customers remain happy in their new homes and minimal remediation is required. We aim to improve our 9-month customer satisfaction survey score to a consistent 80%.

### KPIs

**T** Read more on pages 108 and 109 **S** Read more on pages 34 and 35

#### Customer satisfaction 8-week score 'Would you recommend?'

**89%**



**Objective:** We strive to achieve 90% or above in this question, which equates to a five-star rating.

**Definition:** Percentage of customers who would recommend Taylor Wimpey to a friend as measured by the National New Homes Survey undertaken by the NHBC on behalf of the HBF eight weeks after legal completion.

**Why it is key to our strategy:** Identifying and serving the needs of our customers by delivering a high-quality product is key to our ambition to become a customer-focused homebuilder.

#### Customer satisfaction 9-month score 'Would you recommend?'

**77%**



**Objective:** We strive to improve this score and understand the reasons behind and underlying drivers of this customer feedback.

**Definition:** Percentage of customers who would recommend Taylor Wimpey to a friend as measured by the National New Homes Survey undertaken by the NHBC nine months after legal completion.

**Why it is key to our strategy:** Our mission to enrich the lives of customers and communities by putting them at the heart of our decisions means we have to think about how customers live in the homes and places we build for longer than the first few months after they move in. Ensuring our customer satisfaction remains high in the months following completion is central to our strategy.

**Note:** The 8-week 'would you recommend' score for 2019 relates to customers who legally completed between October 2018 and September 2019, with the comparators relating to the same period in the prior years. The 9-month 'would you recommend' score for 2019 relates to customers who legally completed between October 2017 and September 2018, with the comparator relating to the same period in the prior years.

### Principal Risks key:

- A:** Government policy and planning regulations
- B:** Impact of the market environment on mortgage availability and housing demand
- C:** Material costs and availability of subcontractors
- D:** Ability to attract and retain high-calibre employees
- E:** Land purchasing
- F:** Quality and reputation
- G:** Site and product safety

## Build quality

### Principal Risks

PR Read more on pages 48 to 52  
A, C, D, F, G

#### Performance in 2019

##### Construction Quality Review

We are pleased that the NHBC Construction Quality Review measure indicates we lead the volume housebuilders in terms of build quality.

In addition to significant year on year progress, we have also achieved the objective we set out last year to increase our score to four.

Continuing to embed our Consistent Quality Approach to ensure that our finishing standards are above the NHBC standard has helped us to achieve the improved score. In 2019, we employed Quality Managers across the business to address build quality issues, support Site Managers and promote best practice across the Group to allow for continuous improvement.

##### Average reportable items

In 2019, we maintained the average number of reportable items found per plot.

#### Priorities going forward

##### Construction Quality Review

Continue to embed all quality assurance processes to ensure consistent and high-quality build. In 2020, we will look to fully embed our Quality Managers within the business and drive improved build quality through constantly improving processes and systems.

We will target a CQR score of at least four in each of our regional businesses by 2020.

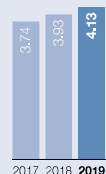
##### Average reportable items

Going forward, we aim to utilise internal processes to ensure quality improvements in order to reduce defects at every stage. Embedding Quality Managers in their role will allow the sharing of data relating to defects, at every stage of the build, across the business, helping us to improve our processes. Reducing defects will also help to lower remediation costs driving additional value for our stakeholders.

#### KPIs

##### Construction Quality Review

4.13



**Objective:** To achieve an average score of four out of six across Taylor Wimpey by 2020.

**Definition:** The average score, out of six, achieved during an in-depth annual review of construction quality on a site-specific basis.

**Why it is key to our strategy:** Right first time continues to be a key priority within our customer-focused approach. CQRs focus on construction quality and understanding 'why or how' given levels of quality have resulted.

##### Average reportable items per inspection

0.28



**Objective:** Reduce defects found during build stages.

**Definition:** The average number of defects found per plot during NHBC inspections at key stages of the build.

**Why it is key to our strategy:** Reducing the number of defects per plot is crucial to ensuring we deliver consistently high-quality homes for our customers, whilst also minimising the cost of rectifications.

Read more on pages 108 and 109

## Optimising our strong landbank

### Principal Risks

PR Read more on pages 48 to 52  
A, D, E

#### Performance in 2019

##### Strategically sourced completions

Increased strategic land pipeline to a record of c.140k potential plots. Maintained strategically sourced completions well above the 40% minimum objective.

##### Land cost as % of average selling price on approvals

We met our target of decreasing the land cost as a percentage of average selling price. This reflects our work acquiring land at high margins as well as the benefit of our strategic land pipeline.

##### Landbank years

In 2019, our landbank length reduced from c.5.1 to c.4.8 years as we operated a broadly replacement approach to our landbank and successfully converted our strategic pipeline.

#### Priorities going forward

##### Strategically sourced completions

Our aim is to continue to effectively utilise our strategic pipeline which aids our visibility and helps maintain the correct balance of sites across the business. This gives us the flexibility to enter the short term land market when it is right for us, reducing our exposure to short term fluctuations.

##### Land cost as % of average selling price on approvals

Acquire land which is commercially viable and at high contribution margins to ensure costs remain low to drive value for all of our stakeholders.

##### Landbank years

We will continue to focus on taking opportunities in the land market to optimise and maintain a strong landbank, remaining responsive to the local land markets in which we operate. Land purchasing decisions remain dynamic to reflect changes we see in the market. We continue to prioritise holding a landbank in places people want to live, both now and in the future, to create value for all of our stakeholders.

#### KPIs

##### Strategically sourced completions

56%



**Objective:** We aim to source more than 40% of our completions from the strategic pipeline per annum in the medium term.

**Definition:** Number of completions on land which originally did not have a residential planning permission when we acquired a commercial interest in it, expressed as a percentage of total completions.

**Why it is key to our strategy:** The strategic pipeline enhances our ability to increase the contribution per legal completion because of the inherent margin uplift from strategic plots. It also allows us to take a long term view of sites.

##### Landbank years %

c.4.8



**Objective:** Increase landbank efficiency – reduce length of short term owned and controlled landbank years by c.1 year to 4-4.5 years.

**Definition:** The years of land supply in our short term landbank based at current completion levels.

**Why it is key to our strategy:** We seek to use our high-quality landbank more efficiently to deliver growth, both in the number and quality of homes built for a wider range of customers.

Read more on pages 20 and 21

##### Land cost as % of average selling price on approvals

16.2%



**Objective:** To maintain at current levels or reduce our average land cost.

**Definition:** Cost of land as a percentage of average selling price on approvals.

**Why it is key to our strategy:** Maintaining a sustainable land cost percentage increases value for our shareholders.

## Be the employer of choice in our industry

### Principal Risks

PR Read more on pages 48 to 52  
D, F, G

#### Performance in 2019

##### Voluntary employee turnover

We were pleased to see our employee turnover reduce, having enjoyed comparatively low levels of turnover compared to our industry for several years.

##### Number recruited into early talent programmes

Throughout the year, we have ensured that recruitment into early talent programmes is appropriate to the skill sets required across the business, with the reduction a result of the strong talent pipeline we have developed, showing our ability to retain those we have invested in as they successfully progress into years two and three of the schemes.

##### Directly employed key tradespeople, including trade apprentices

Throughout 2019, we have made good progress in increasing our directly employed key tradespeople. This has allowed us greater flexibility within our workforce in addition to ensuring our values are embedded with site teams.

##### Health and Safety Annual Injury Incidence Rate (AIIR)

This year we have reduced our AIIR and have rolled out a number of health and safety initiatives, including a new fall prevention and protection system and scaffold exclusion zones whilst scaffolding is being erected or dismantled.

#### Priorities going forward

##### Voluntary employee turnover

We recognise that there is a skills shortage within the industry and continue to improve our employee offering to ensure a stable and dedicated workforce who feel supported and valued by Taylor Wimpey. This supports our strong culture and values.

##### Number recruited into early talent programmes

We continue to see value in developing skills from within and will continue to utilise early talent programmes to recruit a workforce appropriate to each regional business.

##### Directly employed key tradespeople, including trade apprentices

We will continue to develop and grow our directly employed key tradespeople through a variety of channels with the aim of also promoting diversity. This will improve the long term sustainability of the business.

##### Health and Safety Annual Injury Incidence Rate

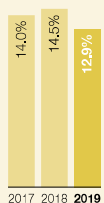
Continue to embed and expand on measures implemented throughout the year and work with site management teams, employees and contractors to ensure their understanding of measures and controls in place.

#### KPIs

S Read more on pages 36 and 47

##### Voluntary employee turnover

12.9%



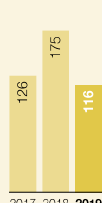
**Objective:** We aim to attract and retain the best people in the industry and give them opportunities to develop to their full potential. We aim to keep this within a range of 5-15%.

**Definition:** Voluntary resignations divided by number of total employees.

**Why it is key to our strategy:** Our employees are one of our greatest competitive advantages and they are crucial to executing our strategy.

##### Number recruited into early talent programmes

116



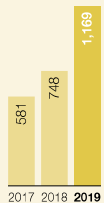
**Objective:** To reduce the impact of the industry skills shortage and future-proof our business.

**Definition:** The amount of people recruited onto one of our early talent programmes including graduates, management trainees and site management trainees.

**Why it is key to our strategy:** Creating a more consistent framework and development path for early and ongoing talent management will underpin our future growth and customer-focused approach.

##### Directly employed key tradespeople, including trade apprentices

1,169



**Objective:** To improve quality, reduce bottlenecks in key trade supply, reduce the impact of the industry skills shortage and future-proof the business.

**Definition:** The number of key tradespeople directly employed by Taylor Wimpey including bricklayers, joiners, carpenters, painters, scaffolders and trade apprentices.

**Why it is key to our strategy:** Against industry-wide skills shortages and uncertainty we are investing heavily and consistently to future-proof our workforce.

##### Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors)

156



**Objective:** We are committed to providing a safe place in which our employees and subcontractors can work and our customers can live.

**Definition:** Reportable (all reportable) injury frequency rate per 100,000 employees and contractors (Annual Injury Incidence Rate).

**Why it is key to our strategy:** Health and safety is our non-negotiable top priority. As well as having a moral duty to maintain safety on site, accidents and injuries can have a detrimental impact on the business through additional costs, delays and / or reputational damage.

## Best in class efficient engine room

### Principal Risks

PR Read more on pages 48 to 52  
A, C, D, E, F, G

#### Performance in 2019

##### Net private sales rate

Throughout 2019, we have demonstrated that it is possible to increase sales rates above historic averages, demonstrating the success of our strategy and how we run large sites and showing that it is possible to step up build rates in line with higher sales rates without compromising on quality.

##### Private legal completions per outlet

In 2019, we embedded new processes to ensure efficiency resulting in a 15% increase in the number of legal completions per outlet year on year.

##### Order book volume and value

In an uncertain environment we have prioritised building a strong order book for the future.

#### Priorities going forward

##### Net private sales rate

Across the business we can see that targeting and supporting a higher sales rate is possible. This allows for growth at the right time in the cycle. In 2020, our priority is to optimise the balance between volume and price.

##### Private legal completions per outlet

We aim to continue to embed efficiency processes to ensure that we can reach our target of having a best in class efficient engine room to increase the number of legal completions per outlet, maximising returns for our shareholders.

##### Order book volume and value

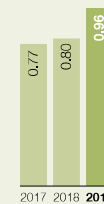
We aim to strike a balance between having the security of a large order book and also being able to accurately forecast move in dates to continue to improve customer service.

#### KPIs

S Read more on pages 40 and 41

##### Net private sales rate

0.96



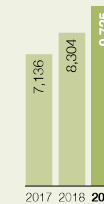
**Objective:** We want to break our historic sales rate barrier by thinking differently about how we deliver a home and to better capture demand.

**Definition:** The average number of private sales made per outlet per week.

**Why it is key to our strategy:** We want to become a more efficient and agile business that can respond quickly to opportunities in the market, creating increased value for our shareholders.

##### Order book volume

9,725



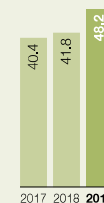
**Objective:** We focus on building a strong order book for the future while balancing our customers' needs. This is particularly important in an uncertain market.

**Definition:** The total number of homes in our year end order book.

**Why it is key to our strategy:** A strong order book provides our customers with good visibility and provides greater stability for business planning and enhances our ability to deliver the best experience for customers whilst driving the most value for our shareholders.

##### Private legal completions per outlet

48.2



**Objective:** To improve efficiency on our sites and increase the number of legal completions per outlet.

**Definition:** The number of private legal completions per outlet.

**Why it is key to our strategy:** We are working to increase new home supply for a wider range of customers by improving efficiency across our sites.

##### Order book value

£2,176m



**Objective:** We focus on building a strong order book for the future while balancing our customers' needs. This is particularly important in an uncertain market.

**Definition:** The total value of homes in our year end order book.

**Why it is key to our strategy:** A strong order book provides our customers with good visibility and provides greater stability for business planning and enhances our ability to deliver the best experience for customers whilst driving the most value for shareholders.

S Read more on pages 108 and 109