In 2018, we announced a new strategy at our Capital Markets Day in May, the first major change to our direction since 2011. We are proud of what we achieved during this time and by every measure the “old” strategy has been very successful, delivering over 40,000 new homes in the UK and creating £17 billion of shareholder value. But, inevitably the environment in which we operate has continued to change and develop over that period. Having taken the old strategy as far as we could, we need to seek to protect that value we have built up and ensure the business is ready and able to take advantage of opportunities, and we can’t do that by standing still.

Why now?
We operate in an industry which is underpinned by a fundamental long term demand and supply imbalance. As one of the UK’s largest housebuilders, we believe that we have a shared responsibility to create more choices for those wanting to access housing, and to deliver this housing with high quality and excellent service.

Traditionally housebuilders are land led. Over the last seven years, the land and planning environment has undergone a structural change, with more good-quality land available through the planning system and an increase in opportunities, including a reduced level of competition in certain parts of the market, such as large scale sites. While land remains a key value driver, the easing of the land constraint through this cycle means that other elements of the business model have become increasingly important to future success. This includes operational ability, delivery capability and approach to customers, particularly in the context of significantly changed customer expectations.

These changes present an opportunity in an industry which has historically been very reactive to genuinely shift our focus to our customers’ needs and their aspirations for their homes and communities. Over the coming years, by enhancing every step of our customer journey, over four years, there are right first time and right for our customers’ income and lifestyle, we can create real additional value for customers, and particularly in the context of significantly changed customer expectations.

What does customer-centric actually mean to us?
We thought long and hard about the wording because it is a phrase which can suffer from overuse and is used flippantly by some. However, we believe it is appropriate to use because it signifies that all our decisions and actions are driven by a desire to understand what our customers need today and in the future and a commitment to earn their trust by delivering on our promises time and time again. It is ambitious and we are not there yet.

When we first started our customer journey, over four years ago, there was some scepticism both inside and outside the business – not because people didn’t want to do it, or thought that it wasn’t important, but because they thought it couldn’t be done. I’m pleased to say that across the business the opposite is true today as we have seen the investments we have made and the effort the teams have put in really start to pay off.

Our customers tell us that the improvements we have already made to our customer service approach are working. We have made a significant step change in our business over the last four years. Whilst we have made great progress and over 90% of customers would recommend Taylor Wimpey to a friend (2017: 89%), this performance often drops over time, a common trend across the industry. There are of course a number of contributing factors, and not all within our control, but we start from the point that to be genuinely customer-centric, we have to understand the causes and look for solutions.

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“...a passion and pride in working for Taylor Wimpey and a genuine desire to do more for our customers. It is true that better run businesses tend to do the right thing more often than not, but we think that is the wrong philosophy; we start from doing the right thing and because of that we are a better and stronger business.”

Pete Redfern – Chief Executive

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**Group operating profit margin in 2018: 21.6% (2017: 21.3%)**

**Return on net operating assets in 2018: 33.4% (2017: 32.5%)**

**Total dividend paid in 2018: £499.5m (2017: £450.5m)**

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**Strategic report**

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