

# Reporting tips

## Strategy



***The foundation of all strong reports is a clear articulation of strategy that is transparent around what the company hopes to achieve, how it plans to achieve it – the objectives, and how it is performing against these objectives. This provides the reader with context for your activities and if well integrated to the rest of your report, can be a powerful way to achieving clear, concise and relevant reporting.***

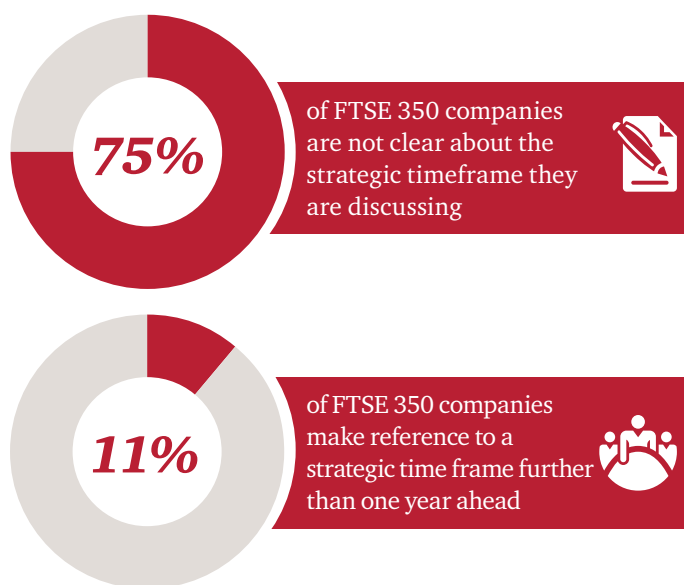
With the introduction of the strategic report in 2013, there have been marked improvements in how FTSE 350 companies report on strategy over the last few years, however there is still further to go. Whilst most companies are clear about their strategic priorities, all too often, these strategic themes are not developed throughout the rest of their reporting or aligned to such critical elements as KPIs or risks. Also, most companies do not talk about their strategic timeframe and if they do, often this is only for the year ahead as opposed to further afield despite the average strategic planning period, as noted in the viability statement, being between three and five years. This lack of development raises more questions than it answers, and it risks undermining the level of strategic debate, planning and action that undoubtedly goes on internally. One way that some companies have overcome this is through the use of 'strategic progress' tables to help connect the various sections and provide future milestones. Others use consistent wording and graphics throughout to clearly signpost the relevance of the content.

***“I find a lot of senior management teams and boards I talk to don't really know how to articulate their strategy. They can't explain their key risks or their key strengths. I think this is a very real investment risk.”***

**UK buy-side head of equities**

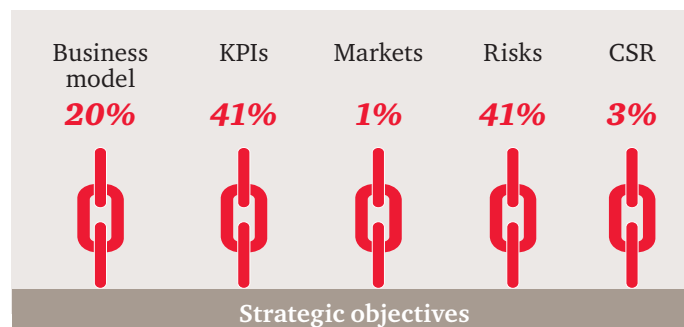
## What companies are doing today

### Strategic timeframes



### Strategic linkage

% of companies in the FTSE 350 that link the below sections to their strategic objectives:



# Good practice example

## Taylor Wimpey plc annual report 2016

### Disclosure of medium and long term targets

Strategic report OUR STRATEGY		2016 performance		KPI link to remuneration	Our long term strategic targets		
<h2>DEFINING OUR STRATEGY</h2> <p>Our strategy, set out in 2011, has been focused on driving sustainable value through the housing cycle and delivering enhanced margins and returns, whilst continuing to invest in the future profitability and quality of the business. Having operated the strategy successfully for five years, in 2016 we began a process of challenging ourselves and the business to deliver even greater value. We are confident that they will continue to create the best long term value for all of our stakeholders. Moreover, we believe that we can deliver enhanced value through the housing cycle and benefit shareholders by driving the outputs of our strategy in three main areas:</p> <ul style="list-style-type: none"><li>— Dividend Policy</li><li>— Financial targets</li><li>— Operational improvement</li></ul>		<p>Our medium term targets (2016-2018)</p> <p>An average annual return on net operating assets** of:</p> <p><b>30%</b></p> <p>An average operating profit* margin of:</p> <p><b>c.22%</b></p> <p>Total dividends to be paid in cash to shareholders over the period:</p> <p><b>£1.3bn</b></p>		<p>Return on net operating assets** of:</p> <p><b>30.7%</b></p> <p>Operating profit* margin:</p> <p><b>20.8%</b></p> <p>Total dividends returned:</p> <p><b>£355.9m</b></p> <p>Key performance indicators</p> <p><b>85%</b></p> <p>Customer satisfaction</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>1 See page 29</p> <p>1 See page 31</p> <p>1 See page 33</p> <p>1 See page 35</p> <p>1 See page 39</p> <p>1 See page 41</p>	<p>Deliver at least a 15% return on net operating assets** through the housing cycle</p> <p>Earn top quartile operating profit* margin</p> <p>Grow net assets by 10% per annum on average through the housing cycle (including returns to shareholders)</p> <p>Priorities for 2017</p> <p>Strengthen our customer satisfaction scores. Launch our online Customer Portal to strengthen customer communication and interaction. Launch our Academy of Customer Excellence (ACE) training programme.</p> <p>Continue to work with land vendors, communities and local authorities to convert and from the strategic pipeline into the short term landbank. Focus on 'land light' structures and active management as we continue to drive a higher return on capital employed. Continue to focus on selecting the right land and developing it in a sustainable manner.</p> <p>Continue to maintain best practice community engagement. Continue to investigate ways to engage with a wider and more diverse range of people within the local communities in which we operate.</p> <p>Improve or, as a minimum, maintain the same Annual Injury Incidence Rate (AIR) achieved in 2016. Introduce a range of standard apartment types. Integrate and severity causes into our supplier framework agreements and contracts.</p> <p>Launch our diversity and inclusivity e-learning module for all employees, and our Code of Conduct, which will be updated with our new brand. Update our appraisal framework to assess employees on how they live our values.</p> <p>Continue to actively review every site and optimise new sales outlets prior to opening. Roll out our Volunteering Framework. Continue to focus on building a strong order book for the future.</p>	
<h3>How we deliver our strategy through our Business Model</h3> <h4>DELIVERING CUSTOMER SERVICE</h4> <p>Through our renewed customer service approach we aim to help our customers realise our houses their homes.</p> <p>1 Read more on pages 28 and 29</p>		<h4>PROGRESS IN 2016</h4> <p>Customer service remained a key priority during 2016. This is reflected in our new Working Together approach, which sets out our mission to create great places to live and deliver excellent service. We continued to embed our customer approach through training and guidance for employees such as our Customer Journey Manual, Home Quality Inspection Guide and Customer Service Manual. All employees working in our Customer Service Teams have been trained on our Customer Journey process. We have launched a series of Training Academies to help further develop the skills and capabilities of our customer-facing teams.</p>		<p>85%</p> <p>Customer satisfaction</p>		<p>1 See page 29</p> <p>1 See page 31</p> <p>1 See page 33</p> <p>1 See page 35</p> <p>1 See page 39</p> <p>1 See page 41</p>	<p>Deliver at least a 15% return on net operating assets** through the housing cycle</p> <p>Earn top quartile operating profit* margin</p> <p>Grow net assets by 10% per annum on average through the housing cycle (including returns to shareholders)</p> <p>Priorities for 2017</p> <p>Strengthen our customer satisfaction scores. Launch our online Customer Portal to strengthen customer communication and interaction. Launch our Academy of Customer Excellence (ACE) training programme.</p> <p>Continue to work with land vendors, communities and local authorities to convert and from the strategic pipeline into the short term landbank. Focus on 'land light' structures and active management as we continue to drive a higher return on capital employed. Continue to focus on selecting the right land and developing it in a sustainable manner.</p> <p>Continue to maintain best practice community engagement. Continue to investigate ways to engage with a wider and more diverse range of people within the local communities in which we operate.</p> <p>Improve or, as a minimum, maintain the same Annual Injury Incidence Rate (AIR) achieved in 2016. Introduce a range of standard apartment types. Integrate and severity causes into our supplier framework agreements and contracts.</p> <p>Launch our diversity and inclusivity e-learning module for all employees, and our Code of Conduct, which will be updated with our new brand. Update our appraisal framework to assess employees on how they live our values.</p> <p>Continue to actively review every site and optimise new sales outlets prior to opening. Roll out our Volunteering Framework. Continue to focus on building a strong order book for the future.</p>
<h4>SELECTING LAND</h4> <p>Our aim is to complete our transition from homebuilder to a value creating developer.</p> <p>1 Read more on pages 30 and 31</p>		<p>Our future profitability is underpinned by our short term landbank of c.76k plots with 66% sourced from the strategic land pipeline. In 2016, 51% of completions were built on land previously sourced from the strategic pipeline.</p>		<p>51%</p> <p>Strategically sourced completions</p> <p><b>76,234</b></p> <p>Owned and controlled plots with planning or resolution to grant planning</p>		<p>1 See page 29</p> <p>1 See page 31</p> <p>1 See page 33</p> <p>1 See page 35</p> <p>1 See page 39</p> <p>1 See page 41</p>	<p>Deliver at least a 15% return on net operating assets** through the housing cycle</p> <p>Earn top quartile operating profit* margin</p> <p>Grow net assets by 10% per annum on average through the housing cycle (including returns to shareholders)</p> <p>Priorities for 2017</p> <p>Strengthen our customer satisfaction scores. Launch our online Customer Portal to strengthen customer communication and interaction. Launch our Academy of Customer Excellence (ACE) training programme.</p> <p>Continue to work with land vendors, communities and local authorities to convert and from the strategic pipeline into the short term landbank. Focus on 'land light' structures and active management as we continue to drive a higher return on capital employed. Continue to focus on selecting the right land and developing it in a sustainable manner.</p> <p>Continue to maintain best practice community engagement. Continue to investigate ways to engage with a wider and more diverse range of people within the local communities in which we operate.</p> <p>Improve or, as a minimum, maintain the same Annual Injury Incidence Rate (AIR) achieved in 2016. Introduce a range of standard apartment types. Integrate and severity causes into our supplier framework agreements and contracts.</p> <p>Launch our diversity and inclusivity e-learning module for all employees, and our Code of Conduct, which will be updated with our new brand. Update our appraisal framework to assess employees on how they live our values.</p> <p>Continue to actively review every site and optimise new sales outlets prior to opening. Roll out our Volunteering Framework. Continue to focus on building a strong order book for the future.</p>
<h4>MANAGING THE PLANNING AND COMMUNITY ENGAGEMENT PROCESS</h4> <p>We aim to be the industry leader in all aspects of planning enabling us to respond to a dynamic market and customer base and to deliver quality homes while meeting financial objectives.</p> <p>1 Read more on pages 32 and 33</p>		<p>In 2016, we contributed c.63k million to the local communities in which we build across the UK via planning obligations, providing, for example, local infrastructure, affordable homes, public transport and education facilities (2015: c.52k million).</p>		<p>9,519</p> <p>Plots converted from the strategic land pipeline to the short term landbank</p>		<p>1 See page 29</p> <p>1 See page 31</p> <p>1 See page 33</p> <p>1 See page 35</p> <p>1 See page 39</p> <p>1 See page 41</p>	<p>Deliver at least a 15% return on net operating assets** through the housing cycle</p> <p>Earn top quartile operating profit* margin</p> <p>Grow net assets by 10% per annum on average through the housing cycle (including returns to shareholders)</p> <p>Priorities for 2017</p> <p>Strengthen our customer satisfaction scores. Launch our online Customer Portal to strengthen customer communication and interaction. Launch our Academy of Customer Excellence (ACE) training programme.</p> <p>Continue to work with land vendors, communities and local authorities to convert and from the strategic pipeline into the short term landbank. Focus on 'land light' structures and active management as we continue to drive a higher return on capital employed. Continue to focus on selecting the right land and developing it in a sustainable manner.</p> <p>Continue to maintain best practice community engagement. Continue to investigate ways to engage with a wider and more diverse range of people within the local communities in which we operate.</p> <p>Improve or, as a minimum, maintain the same Annual Injury Incidence Rate (AIR) achieved in 2016. Introduce a range of standard apartment types. Integrate and severity causes into our supplier framework agreements and contracts.</p> <p>Launch our diversity and inclusivity e-learning module for all employees, and our Code of Conduct, which will be updated with our new brand. Update our appraisal framework to assess employees on how they live our values.</p> <p>Continue to actively review every site and optimise new sales outlets prior to opening. Roll out our Volunteering Framework. Continue to focus on building a strong order book for the future.</p>
<h4>GETTING THE HOMEBUILDING BASICS RIGHT</h4> <p>We work with our suppliers and build using carefully sourced materials to ensure that the homes we sell today and tomorrow are of high quality, and are built safely, efficiently, cost effectively and with minimal environmental impact.</p> <p>1 Read more on pages 34 to 37</p>		<p>We strengthened our quality assurance processes during 2016 to ensure we consistently achieve a high-quality build and get things right first time for customers. We continued to engage with our suppliers with regards to Project 2020 and to test new approaches to design, technology, materials and construction techniques. We have reduced our carbon emissions intensity by 24% since 2013.</p>		<p>211</p> <p>Annual Injury Incidence Rate</p>		<p>1 See page 29</p> <p>1 See page 31</p> <p>1 See page 33</p> <p>1 See page 35</p> <p>1 See page 39</p> <p>1 See page 41</p>	<p>Deliver at least a 15% return on net operating assets** through the housing cycle</p> <p>Earn top quartile operating profit* margin</p> <p>Grow net assets by 10% per annum on average through the housing cycle (including returns to shareholders)</p> <p>Priorities for 2017</p> <p>Strengthen our customer satisfaction scores. Launch our online Customer Portal to strengthen customer communication and interaction. Launch our Academy of Customer Excellence (ACE) training programme.</p> <p>Continue to work with land vendors, communities and local authorities to convert and from the strategic pipeline into the short term landbank. Focus on 'land light' structures and active management as we continue to drive a higher return on capital employed. Continue to focus on selecting the right land and developing it in a sustainable manner.</p> <p>Continue to maintain best practice community engagement. Continue to investigate ways to engage with a wider and more diverse range of people within the local communities in which we operate.</p> <p>Improve or, as a minimum, maintain the same Annual Injury Incidence Rate (AIR) achieved in 2016. Introduce a range of standard apartment types. Integrate and severity causes into our supplier framework agreements and contracts.</p> <p>Launch our diversity and inclusivity e-learning module for all employees, and our Code of Conduct, which will be updated with our new brand. Update our appraisal framework to assess employees on how they live our values.</p> <p>Continue to actively review every site and optimise new sales outlets prior to opening. Roll out our Volunteering Framework. Continue to focus on building a strong order book for the future.</p>
<h4>OUR PEOPLE</h4> <p>We aim to attract and retain the best people by engaging with our employees and investing in training, development and rewards.</p> <p>1 Read more on pages 38 and 39</p>		<p>We introduced an improved flexible benefit package for all employees and a new approach to flexible working, with maternity, paternity and adoption policies significantly enhanced. Our Senior Management Team presented an update on our business strategy via a series of roadshow sessions across the country, available to all of our employees.</p>		<p>13.9%</p> <p>Voluntary employee turnover</p>		<p>1 See page 29</p> <p>1 See page 31</p> <p>1 See page 33</p> <p>1 See page 35</p> <p>1 See page 39</p> <p>1 See page 41</p>	<p>Deliver at least a 15% return on net operating assets** through the housing cycle</p> <p>Earn top quartile operating profit* margin</p> <p>Grow net assets by 10% per annum on average through the housing cycle (including returns to shareholders)</p> <p>Priorities for 2017</p> <p>Strengthen our customer satisfaction scores. Launch our online Customer Portal to strengthen customer communication and interaction. Launch our Academy of Customer Excellence (ACE) training programme.</p> <p>Continue to work with land vendors, communities and local authorities to convert and from the strategic pipeline into the short term landbank. Focus on 'land light' structures and active management as we continue to drive a higher return on capital employed. Continue to focus on selecting the right land and developing it in a sustainable manner.</p> <p>Continue to maintain best practice community engagement. Continue to investigate ways to engage with a wider and more diverse range of people within the local communities in which we operate.</p> <p>Improve or, as a minimum, maintain the same Annual Injury Incidence Rate (AIR) achieved in 2016. Introduce a range of standard apartment types. Integrate and severity causes into our supplier framework agreements and contracts.</p> <p>Launch our diversity and inclusivity e-learning module for all employees, and our Code of Conduct, which will be updated with our new brand. Update our appraisal framework to assess employees on how they live our values.</p> <p>Continue to actively review every site and optimise new sales outlets prior to opening. Roll out our Volunteering Framework. Continue to focus on building a strong order book for the future.</p>
<h4>OPTIMISING VALUE</h4> <p>We look to optimise the value of each site not only during the initial acquisition process, but throughout the lifetime of the development. This philosophy extends to our wider partnerships.</p> <p>1 Read more on pages 40 and 41</p>		<p>In the year, we achieved a 2.5 percentage points margin uplift on completions from land acquired since 2008, compared with the expected margin at the point of acquisition. We further increased contribution per completion by over 10%. In 2016 we introduced a new Volunteering Framework which provides employees with two full days or four half-days paid time off to support our network of charities or local community projects as volunteers.</p>		<p>£65.5k</p> <p>Contribution per legal completion</p> <p><b>54.8%</b></p> <p>Forward order book as a percentage of completions</p>		<p>1 See page 29</p> <p>1 See page 31</p> <p>1 See page 33</p> <p>1 See page 35</p> <p>1 See page 39</p> <p>1 See page 41</p>	<p>Deliver at least a 15% return on net operating assets** through the housing cycle</p> <p>Earn top quartile operating profit* margin</p> <p>Grow net assets by 10% per annum on average through the housing cycle (including returns to shareholders)</p> <p>Priorities for 2017</p> <p>Strengthen our customer satisfaction scores. Launch our online Customer Portal to strengthen customer communication and interaction. Launch our Academy of Customer Excellence (ACE) training programme.</p> <p>Continue to work with land vendors, communities and local authorities to convert and from the strategic pipeline into the short term landbank. Focus on 'land light' structures and active management as we continue to drive a higher return on capital employed. Continue to focus on selecting the right land and developing it in a sustainable manner.</p> <p>Continue to maintain best practice community engagement. Continue to investigate ways to engage with a wider and more diverse range of people within the local communities in which we operate.</p> <p>Improve or, as a minimum, maintain the same Annual Injury Incidence Rate (AIR) achieved in 2016. Introduce a range of standard apartment types. Integrate and severity causes into our supplier framework agreements and contracts.</p> <p>Launch our diversity and inclusivity e-learning module for all employees, and our Code of Conduct, which will be updated with our new brand. Update our appraisal framework to assess employees on how they live our values.</p> <p>Continue to actively review every site and optimise new sales outlets prior to opening. Roll out our Volunteering Framework. Continue to focus on building a strong order book for the future.</p>
<p>1 Definitions can be found in the Group financial review on page 50</p>		<p>26</p> <p>Taylor Wimpey plc</p>		<p>1 For more details on our bonus schemes, please see the Remuneration Committee Report on pages 79 and 88</p>		<p>27</p> <p>taylorwimpey.co.uk</p>	

### Clear linkage of strategy to the business model, KPIs and risks

### Priorities for the year ahead and progress for the prior year reported

## Further information



### A foot in the past and an eye to the future

The importance of forward looking information in corporate reporting



### Accountability in changing times

Analysis of FTSE 350 reporting trends in 2017

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