



# Supplier Diversity is “extremely important”

**Interview with Peter Kelk, Merrill Lynch, First Vice President Global Sourcing and Procurement Services, Europe, Middle East Africa (EMEA) & Pacific Rim (PAC RIM) region.**

*By Colette Machado*

**W**ith more than 40 overseas offices across Europe, Africa, the US and further afield, Merrill Lynch is not only the world's leading financial management and advisory company, providing financial advice and investment banking services, it is also the first US company in the securities industry to establish a Supplier Diversity programme (1987).

Through this programme, diverse-owned firms in the US of various sizes offering everything from professional services to technology products are able to register on the company's Supplier Diversity website page for an opportunity to provide the firm with goods and services.

Following the success of the US programme, a similar Supplier Diversity initiative was launched in the UK approximately three years ago. Peter Kelk, who is based at Merrill Lynch's London office, the regional headquarters for Europe, the Middle East and Africa, told Engage magazine that Supplier Diversity is “extremely important” to the company he has been working with for 27 years.

“Supplier Diversity is an extremely important business opportunity for us in terms of reflecting the communities in which we operate as a company and the groups that we work with,” said Mr Kelk. “It is important that we are inclusive but it is not about favouritism,” he added.

In order to promote Supplier Diversity effectively within the company and to ensure that Merrill Lynch (UK) gives diverse-owned<sup>1</sup> companies an equal opportunity to bid for contracts alongside their larger counterparts, Merrill Lynch has put several initiatives in place. This includes forming partnerships with organisations such as Minority Supplier Diversity UK (MSDUK) and WEConnect.

Minority Supplier Diversity UK is an organisation which provides a direct link between its affiliated corporate members and the minority-owned businesses on its database to enable mutually beneficial business relationships to be created, while WEConnect is the UK's leading advocate of women-owned businesses as suppliers to global and national corporations and government bodies.

Mr Kelk said since the beginning of this year, whenever Merrill Lynch has a contract

it contacts MSDUK and WEConnect to find out whether any of their members are ‘fit to supply’ for that particular contract.

“It is about trying to find the best suppliers for the job at hand. We believe that if we reach out far and wide we will find the best supplier,” Mr Kelk told Engage.

But Mr Kelk said that although he is aware that some of the company's suppliers are from diverse backgrounds he is not sure how many are.

He explained that at a recent MSD UK event, he met the owner of a printing

letterheads, etc, and have had a successful long-term supplier relationship with it,” said Mr Kelk.

“The fact that we had engaged a minority owned company based on sound commercial criteria before we had a formal diversity supplier programme, is a good example of our inclusiveness.”

In order to find out exactly how many of the company's suppliers are truly diverse, Merrill Lynch is in the process of conducting a survey of its UK suppliers which will be complete in the summer.

**“Supplier Diversity is about trying to be inclusive, offering opportunities to diverse suppliers to be considered and ultimately finding the best suppliers for the requirement”**

company who was introduced as a potential diverse supplier. That printing company, which is minority-owned, is now an existing long-term supplier to Merrill Lynch.

“We have a reasonably significant spend with the company, which we use for all our printed stationery, business cards,

Mr Kelk stressed that although supplier diversity was “good for business” it needed to be used correctly and fairly; that suppliers should be chosen for the right reasons, not because there is a need to merely increase the number of diverse suppliers the company uses.

<sup>1</sup> Diverse-owned companies in the UK context mean businesses that are owned by Black, Asian and Minority Ethnic (BAME) persons; women-owned businesses and disabled-owned businesses.

## Merrill Lynch - Top Tips on Getting ‘fit to supply’

**Q. How can companies interested in bidding for contracts be in a position of being ‘fit to supply’?**

**ML** (1) Diverse suppliers need to make sure they have their information, such as their financial history and commercial track record, as up-to-date as possible.

(2) They should consider placing their company details on MSDUK and WEConnect databases so that when corporates such as Merrill

Lynch reach out to these organisations and say have you got any taxi or chauffer car suppliers, for example, they can then go and search their databases and find them there. Otherwise it really is a lottery.”

**Q. What type of help do you think smaller diverse companies need to get ‘fit to supply’?**

**ML** Good advice in terms of learning how to work with corporates, and being professional. For example,

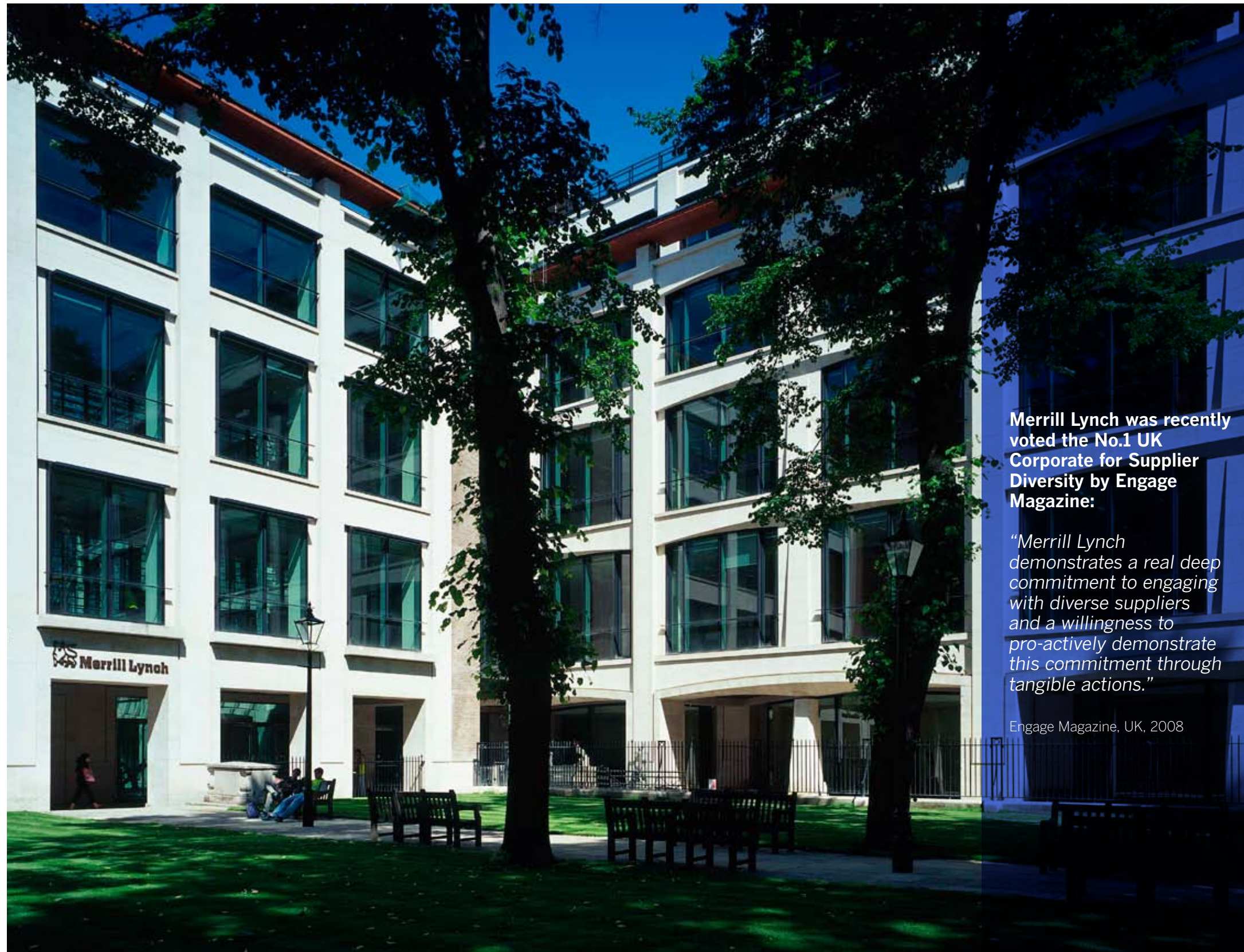
meeting deadlines is sometimes a weak area. Frequently, we will give a deadline of three weeks to supply data for a contract but there have been examples where the potential supplier has come back in four, saying they have not got around to it. We will tell them the deadline is gone, and that is it. We really haven't got the time to wait around.

**Merrill Lynch Definition of Supplier Diversity:**  
A business initiative which encourages the use of diverse-owned vendors/suppliers in all bidding opportunities and selection processes.

**Q. What help is around for companies who are in the process of working on getting ‘fit to supply’?**

**ML** “There are several organisations around with that purpose in mind - to help companies to organise themselves. Supply London, being one example.





**Merrill Lynch was recently voted the No.1 UK Corporate for Supplier Diversity by Engage Magazine:**

*“Merrill Lynch demonstrates a real deep commitment to engaging with diverse suppliers and a willingness to pro-actively demonstrate this commitment through tangible actions.”*

Engage Magazine, UK, 2008

He further explained that some of the suppliers who would like to supply are not always ‘fit to supply’ but that Merrill Lynch would like to assist them to get ready to be in a position to supply.

“We see this frequently with SMEs [Small and Medium Enterprises] and it is mainly due to them not having experience of working with large corporates,” said Mr Kelk. “This is something we would like to address with MSDUK and WEConnect, to help to train and coach companies on how to deal with corporates and to ensure they understand all they need to do in order to be able to apply for and win contracts.”

So, with a successful track record in the area of Supplier Diversity, how proud is Merrill Lynch of its record on Supplier Diversity? “We are very proud of how inclusive we are,” said Mr Kelk. “We feel we are very inclusive and open to people regardless of their background. However it is important to recognise that Supplier Diversity is really in its infancy in the UK and has a long way to go before it reaches the sort of level it is at in the US and before it becomes mainstream.”

Mr Kelk said that in five years’ time he expects there will be significant progress on the Supplier Diversity front, such as a certification of diverse suppliers, which is already being implemented by MSDUK and WEConnect and which Merrill Lynch believes to be one of the keys to success.

“We certainly need an organisation independent of us to determine whether a particular company is truly diverse in the way they describe,” said Mr Kelk. “Supplier Diversity is generally defined in terms of ownership and we need to feel comfortable that if someone tells us they are of a particular background that it is the truth.

“Once there is certification for diverse suppliers there will be a lot more progress in terms of corporates moving on in relation to Supplier Diversity and that includes Merrill Lynch,” he added.

Mr Kelk also hopes that in a few years’ time there will be more Supplier Diversity success stories, especially among the company’s Tier 1 suppliers. He said that for large companies like Merrill Lynch, it is not always realistic to deal with SMEs, so most of their contracts are with larger companies, but hopefully this is something that could change over the years.

So what progress has Merrill Lynch made so far regarding Supplier Diversity? “We’ve taken several steps in the first quarter of this year,” said Mr Kelk. “We invited our partners MSDUK and WEConnect to come along and meet with our Tier 1 suppliers and for our Tier 1 suppliers to be introduced to those organisations. This is the start of a process that I see developing over the next few years and beyond.”



Engage also contacted Merrill Lynch’s US office and spoke with **Sandye Taylor, Head of Global Supplier Diversity for Merrill Lynch,** who said:

*“Since its inception as the inaugural supplier diversity programme in the financial services industry, Merrill Lynch has demonstrated a proven commitment to diverse supplier inclusion.*

*“Successful diverse-owned business development is a corporate strategy that contributes to customer satisfaction and shareholder equity.”*

**For further information on Merrill Lynch’s supplier diversity programme visit [www.ml.com](http://www.ml.com)**