

**Interview of David Hughes Interview Segment 1**  
**Compiling and Presenting Interview Data from Risk Interviews**  
**January 2012**

**Interviewer:** Mark Beasley, Director of Enterprise Risk Management  
**Interviewee:** David Hughes, Assistant VP for ERM

[TECHNICAL COMMENTS]

Beasley: Hello. I am Mark Beasley, Deloitte Professor of Enterprise Risk Management and Director of NC State's ERM Initiative in the Poole College of Management. I am speaking with David Hughes who is the Assistant Vice President of the Enterprise Risk Management and Business Continuing Planning at Hospital Corporation of America. David has been instrumental in leading the enterprise risk management efforts at Hospital Corporation of America. David, thank you for being here today, I understand that when HCA first launched their enterprise risk management process, you took an interview approach to identify risk across the company. Can you explain whom you interviewed?

Hughes: Sure. Uh, we—the first year we did it, we just did the executive management team and some of the key middle management people in the company, and it was so well received, really, the first year after we did it that we've expanded it each year for a number of years, and we now interview all of the board members, the executive management team, and middle management team out in the divisions, and then we also survey all of our facility O's [ph], so we get a real broad look at risk across the company.

Beasley: Were these interviews done on a one-on-one basis?

Hughes: They are. We do all of them one on one. Some of them are over the phone. Most of them are face to face.

Beasley: What is the typical length of an interview?

Hughes: Most of them last about 30 minutes. We schedule 30 minutes. Some of them may last 20. Some of them may last 45. But I'd say generally it's 30 minutes.

Beasley: What kinds of questions are you asking them to answer?

Hughes: Sure. We keep it very simple, and we really ask basically the same questions from day one. We ask them "What are your top three business risks over the next 24 months that could have an impact on the company?" or the company's strategic goals and objectives.

Beasley: Now, you've done this now for several years, have you modified the interview approach? For example, let's say I interviewed you last year. Would I be asking you that same question this year?

Hughes: Not really. We've added a little bit to it. Uh, a few years ago, we added another question and asked them, "What are you aware of that the company's doing to"—after they give us their three risks, "What are—what are you doing—what are you aware of that the company is doing to address those risks? What are we doing to manage and mitigate those risks? And in your opinion, is that effective?" Some of them say, "Yes, we're doing this, this, and this." And, "No, it's not really effective." So you know, it's not always what you expect to hear.

Beasley: Now, say you're doing an interview. Are you the only person there, or is there someone there assisting you in transcribing what you're hearing?

Hughes: We have two people in every interview, either over the phone or face to face. And so one will be transcribing a lot, and the other is asking the questions, and we kind of switch off.

Beasley: Are you doing these annually?

Hughes: We do; annually. We do it—we start them generally end of August, first part of September, and that way we can have a lot of the results as we move into the budgeting, planning phase of the company.

Beasley: Can you give us a sense for how many people you're interviewing in a typical year today?

Hughes: This past year, we interviewed a little over 80 people, and we surveyed about—I think it was about 170 that we actually got survey results back from.

Beasley: Are you creating some kind of database with the responses?

Hughes: We are. It's gotten a little easier over the years, but it's still a lot of data crunching. We—our survey tool, we've got a pretty good survey tool that is used internally, dumps it into a database, and massage it that way. And the interviews, it's just—the hardest part of that is just interpreting what you hear and putting it in the right bucket and classifying it properly and making sure that you're interpreting what they're telling you properly.

Beasley: Thank you, David, for being here and for sharing your experiences about the process of using interviews as a risk identification information gathering technique. So thank you, David, for being here.

Hughes: You're welcome.