
The Concept of the Functional Unit

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IN MARCH 1979, I had the opportunity to attend a two-week course in Kuwait entitled "Program for Clinical Chairmen". This was given by a number of distinguished professors and scholars of Harvard University in Boston, U.S.A. The course was well organized and Kuwait did an excellent job in making it a success.

The Program for Clinical Chairmen was an intensive two-week executive development program designed for chairmen of major clinical services in hospitals in Kuwait. The program aimed to acquaint participants with managerial concepts and techniques, to assist them in handling their multiple and increasing responsibilities, requiring them to allocate resources, develop policies and provide leadership.

Of the many interesting topics, I was most impressed by one : *The Concept of the Functional Unit*. This new concept in hospitals administration and management was first introduced by Johns Hopkins University Hospital in Maryland, U.S.A. in 1973. This was introduced in an effort to provide more effective leadership and to save the hospital from the financial troubles it was facing at that time.

The concept of the functional unit was simply a process of **Decentralization**. This vested the responsibility and an accountability for management in all functional units (departments) with the chiefs of services, responsible for the overall operational planning, management and results. The respective departmental administrative staff were to report directly to the chiefs of service and were to be strengthened particularly in the areas of financial planning, and budget control process. Further more, the decision was made to decentralize the Department of Nursing for operational purposes with the departmental directors of nursing also responsible to the chiefs of service for operations but to a Central Nursing Staff for professional nursing standards... Any service provides more effectively and at the same or lesser and by the units would be provided by the unit itself. Certain services such as food services, security, and probably housekeeping amongst others, could not be effectively provided by the units for themselves and would continue to be provided by central service departments.

The objective of decentralization is to reduce operating costs by more efficient management, to improve and expedite the decision making process, and to place budget and

responsibility at the level closest to the delivery of hospital services.

Responsibility for each functional management unit should be placed in the hands of the appropriate departmental chairman who will have a functional management unit administrator reporting to him. There will also be a Director of Nursing for each of the functional management units reporting to the chairman. Decision making with regard to allocation of resources to meet patient care needs and to attain objectives within stated fiscal goals will be the responsibility of the departmental chairman who will confer with the administrator and the director of Nursing service in his area.

The departmental chairman will prepare one-and five year budgets for his functional management unit. Upon review by hospital general management and approval by the medical board, such budgets become the operating plan of the hospital.

Decentralization made an excellent progress for Johns Hopkins Hospital. It increased the efficiency and reduced the budget of the hospital. It was an excellent motivator for all types of individuals. Including physicians in the management process has resulted in a better operation with much less frustration.

This is very briefly the story of the changing concepts in hospital management at John Hopkins University Hospital and many other leading institutions. There are many details attached to this concept.

The purpose of this presentation is to stimulate Salmaniya Medical Centre to study this method or to look around for new concepts in Hospitals management. Better to do this, than just to sit around and do whatever one university Hospital is doing. □□