

The History of Compliance Services International

Compliance Services International was founded by Richard and Bernalyn McGaughey, a bit under the “necessity is the mother of invention” principle, in 1988. Ten years earlier, the McGaughey’s had chosen to locate in Western Washington and were both able to find positions to continue their careers in the chemical sector. However, between 1978 and 1988, the chemical industry was changing, and offices and companies were consolidating, primarily in response to increased environmental regulations. When Bernalyn faced relocation to the Northeast and Richard to Southern California, rather than remake their decision about where to live, the McGaughey’s decided to stay in Washington. Bernalyn was hired by an engineering firm that wanted to expand its services into the chemical sector; Richard diversified and temporarily devoted more time to working for the church. During that period, we also set out on the adventure of living on a 50-foot 1968 wooden Grand Banks motor yacht that wasn’t exactly in pristine condition.

After about a year with the engineering firm, it was evident that they understood cleaning up hazards, but not the science and regulation devoted to developing and managing what can be hazardous products. So, Richard suggested we just ask the clients that came to the engineering firm with Bernalyn if they’d do business if we set up a new company, and they said yes! With a friendly departure from the engineering firm (and subsequent project referrals from them), the concept of Compliance Services was born. Richard worked on the structural and operations side of things and Bernalyn on the marketing and projects. Ultimately, a capital investment partner was found, and we set up a corporation. We wanted to organize the company in a fashion similar to how our clients were organized – not in the way most consulting firms were structured. In this way we could more closely relate to and serve the needs of our potential clients.

And the name? One might think it was from achieving regulatory compliance, but not so. Richard remembered the “everything is alright” phrase, “Compliance!!” from the Disney movie “Short Circuit,” and that seemed like a compelling term to associate with pleasing the clients we hoped to serve – so Compliance Services it was. And we set up a workspace for Bernalyn on the boat, which happened to have just about the best slip in Gig Harbor, Washington. Our first three clients were Ciba Geigy (now Syngenta, Greensboro, NC), Inveresk Research Institute (now Charles River Laboratories, near Edinburgh, Scotland) and ASARCO (an integrated producer of copper and other metals, then with a smelter clean-up site in Tacoma, WA).

A year later, we had four people working from the boat, so it was time to look for an office, which we found on the corner of Pacific Avenue and 9th in the historic Rust Building (which happened to historically be the first home of Tacoma Smelting and Refining Company, later ASARCO). The space we leased had been a full-service office suite, and our lease included the phone system, furniture, and the option to assume the secretarial services, which we did do. Even a \$50 typing job seemed like a big project back then.

By the early 1990’s we outgrew the space at the Rust Building, and also had a few other developments. Bernalyn’s old employer, Pennwalt, was again consolidating and CSI traded services in return for their analytical laboratory equipment. At the same time, Wilbur Ellis, interested in developing a crop consulting laboratory, purchased 49% ownership of CSI. While still at the Rust Building, we opened a lab near the Tacoma “tide flats,” now more fashionably called the Port District. As the lab and consulting business grew, we soon needed to relocate again, this time deeper in the Port area, in a building we had to ourselves and in which we could have both consulting offices and the analytical laboratory. At the height of the laboratory, we had 32 fulltime staff. But, as US Reregistration (“FIFRA ’88”) testing neared completion in the mid-90’s, lab work dropped off. And like the engineering company, Wilbur Ellis struggled with understanding the regulatory versus crop-consulting business sector. In a monumental step for the McGaughey’s, with no remaining debt load to spare, a loan was secured to buy out both the original capital investor and Wilbur Ellis. CSI was now 100% owner operated and owned. And McGaughey’s were 100% in debt.

CSI bumped along the next few years with no real growth and rarely if any measurable profit. But as we steadily satisfied clients, we were able to secure additional experienced and widely recognized expertise, which grew the consulting business as we phased out the analytical laboratory. Additionally, our long relationship with Inveresk put us in a position to hire several of their staff when they decided to exit regulatory consulting as their laboratory services grew. With that relationship and resource, CSI opened an office in Edinburgh, Scotland in 2000. Our first office there was at Elphinstone, on an emerging research farm campus, where the peacocks and peahens could quickly drown out any attempt at a conference call. It was also quite inhibiting to be subject to quarantining, as a result of being on a farm property during the 2001 outbreak of foot-and-mouth disease. It wasn’t long until we found a more permanent UK home at The Pentlands Science Park, where we are today.

Since the US office no longer had a laboratory, the building we were in was impractical to expand even though we needed more office space. So, we began looking for a new home and this time the McGaughey’s purchased a building (we’d gotten used to being in debt!) that became CSI’s current home. That space has served us very well, since most of our US staff growth has come from consultants who have preferred not to move. Since the early 2000’s, we became accustomed to dealing with remote employees, through remote US staff and the UK office, and as technology advanced, we’ve grown even more in our abilities to operate as a virtual office, which prepared us well for the Coronavirus Pandemic of 2020.

After our move to Lakewood, CSI’s performance steadily grew, and our service areas and number of clients increased in response to our addition of full and on-call consultants, or CSI Associates who are exclusive to CSI but prefer to limit their work hours. While it was trying, CSI did better than most companies throughout the financial crisis of 2007-08, but not without sacrifices on behalf of our employees and the McGaughey’s as owners. Since 2008, CSI has passed many more milestones while sticking to its core business of serving the regulated chemical industry and ultimately the farmer and consumer.

Just recently, we enhanced our presence in the global theater by opening an office in Dublin, Ireland and establishing additional relationships serving Asian and South/Latin American regulatory needs.

Now, as we launch into the future, we also look for new transitions that offer our clients and staff fulfillment and future successes. The outstanding people who work at CSI, our loyal clients, and for that matter, the always shifting regulatory scene, make CSI who and what it is and, I say with confidence, what it will be in the years to come.