INTERNATIONAL JOURNAL OF SOCIAL SCIENCE, EDUCATIONAL, ECONOMICS, AGRICULTURE RESEARCH AND TECHNOLOGY (IJSET) | ISSN (E): 2827-766X
Website: https://ijset.org/ | Volumes 5 No. 9 (2026)

STRATEGIC DEBT: A CONCEPTUAL FRAMEWORK AND DIAGNOSTIC INSTRUMENT FOR STRATEGY-FOUNDATION GAPS IN VENTURE-BACKED EARLY MOVERS

Muhammad Harland[1]*, Asep Darmansyah[2]
[1,2]School of Business Management, Institut Teknologi Bandung
E-mail: 29324176@mahasiswa.itb.ac.id[1]*, asep.darmansyah@sbm-itb.ac.id[2]

Received: 20/06/2026 | **Revised** : 01/7/2026 | **Accepted:** 18/07/2026 | **Published** :26/07/2026

Abstract

Early movers that create an uncontested market space frequently deteriorate financially soon after competitors enter, and the deterioration is commonly diagnosed as a financial or execution failure. This article proposes an alternative explanation and the instrument to test it. Drawing on Porter's account of strategy as trade-off, Rumelt's hallmarks of bad strategy, Kim and Mauborgne's blue ocean framework, agency theory, and the technical-debt metaphor from software engineering, the article develops the construct of strategic debt: the deferred cost of strategy fundamentals not built while an uncontested market makes them appear unnecessary, and which is priced, with interest, through identifiable profit-and-loss mechanisms once competition arrives. The article makes three contributions. First, it specifies the construct, its accrual conditions, its pricing trigger, and its boundary conditions, arguing that the invisibility of the cost during the uncontested phase is not a managerial oversight but a structural property of the phase itself. Second, it derives a six-category taxonomy of strategy-foundation gaps covering external measurement, target logic, investment gating, portfolio discipline, channel economics, and contra-revenue governance, each anchored to an established strategy principle. Third, it operationalizes the construct as the strategic gap ledger, a diagnostic instrument that traces each gap through a four-link causal chain from gap to observable managerial behavior to profit-and-loss mechanism to quantified impact, rendering an otherwise abstract deficit measurable in monetary terms. A stylized illustration demonstrates the instrument's application, and six falsifiable propositions are advanced for empirical testing. The framework is conceptual and awaits validation; its practical implication is that the strategy foundation must be built during the uncontested phase, precisely when it appears least necessary, because its absence is priced only after the transition, when remediation costs have multiplied.

Keywords: Blue Ocean Strategy, Conceptual Framework, Diagnostic Instrument, Strategic Debt, Strategy Foundation

INTRODUCTION

A recurring pattern in venture-backed consumer markets is difficult to explain with existing theory. A firm identifies an underserved need, creates a market space that did not previously exist, grows rapidly without direct rivalry, raises substantial external capital on the strength of that position, and is then observed to deteriorate financially within a short period after competitors enter the space it created. The deterioration is typically diagnosed in the language of execution: cost overruns, weak discipline, poor forecasting, or management failure. Each diagnosis identifies real symptoms. None explains the timing, and the timing is the puzzle. The same cost structure, the same measurement habits, and the same expansion decisions that appeared unremarkable, and were often praised, during the uncontested phase become, within a matter of quarters, the identified causes of crisis, without the decisions themselves having changed.

This article argues that the timing is not incidental but definitional. What deteriorates after competitive entry is not the firm's execution but the visibility of a deficit that had been accumulating, without cost, throughout the uncontested phase. In an uncontested market, the market itself performs the work that strategy would otherwise perform: growth arrives without trade-offs, targets are met without competitive reference, expansion faces no punishing rival, and portfolio proliferation is absorbed by unmet demand. A firm operating without a strategy

foundation in such conditions incurs no penalty, receives no corrective signal, and, critically, generates no evidence that anything is missing. The absence is real but unpriced. When competition arrives, the accumulated deficit is priced at once, through mechanisms that are individually mundane and collectively severe, and the firm must now build under time and cash pressure the foundation it could have built cheaply when it appeared unnecessary.

The article names this deficit strategic debt and develops it as a construct with specified accrual conditions, a pricing trigger, and explicit boundary conditions. It then derives a taxonomy of the categories in which such debt accrues, and operationalizes the construct as a diagnostic instrument, the strategic gap ledger, that makes the deficit measurable in monetary terms rather than rhetorical ones. The purpose is not to add a metaphor to a literature already rich in them, but to convert an intuition that many practitioners hold informally into a construct that can be diagnosed, measured, and falsified.

Research Gap and Contribution

Three literatures each supply part of the explanation and none supplies the whole. The strategy literature establishes what strategy is and what its absence looks like, but treats the cost of that absence as broadly contemporaneous with the failure to strategize (Porter, 1996; Rumelt, 2012). The blue ocean literature explains how uncontested space is created and notes that it will eventually be contested, but concentrates its analytical attention on creation rather than on transition, and is largely silent on what an early mover ought to be building while the space remains uncontested (Kim & Mauborgne, 2005). The growth-doctrine literature prescribes speed over efficiency under specified conditions, but the prescription travels into industries whose economics do not satisfy those conditions (Hoffman & Yeh, 2018). What is missing is a construct that explains why the cost of an absent strategy foundation is invisible during the uncontested phase and severe afterward, and an instrument that renders that cost measurable rather than merely assertable.

This article contributes on three levels, corresponding to Whetten (1989) criteria for theoretical contribution. At the construct level, it specifies strategic debt: its definition, the conditions under which it accrues, the trigger that prices it, the mechanism of the interest it carries, and the boundaries beyond which it does not apply. At the taxonomic level, it derives six categories of strategy-foundation gap, each anchored to an established strategy principle, and argues that they are not independent faults but faces of a single underlying condition. At the instrument level, it operationalizes the construct as the strategic gap ledger, whose four-link causal chain converts each gap into a monetary quantity. Six falsifiable propositions are advanced to make the framework testable and, in principle, refutable.

LITERATURE REVIEW

What Strategy Is, and What Its Absence Costs

Porter (1996) offers the clearest boundary in the discipline. Strategy involves creating a unique and valuable position through a distinct set of activities, and it requires trade-offs, deciding what not to do; operational effectiveness, performing similar activities better than rivals, is necessary but not sufficient, because it is imitable and its benefits are competed away. The distinction matters for the present argument because an uncontested market removes the visible penalty for confusing the two: where no rival is performing similar activities, doing them better than nobody yields growth that resembles strategic success.

Rumelt (2012) supplies the complementary diagnostic vocabulary. Good strategy contains a kernel of diagnosis, guiding policy, and coherent action. Bad strategy is recognizable not by its absence of ambition but by identifiable hallmarks, among them the failure to face the problem, the mistaking of goals for strategy, and incoherent action that fails to concentrate resources. Rumelt's framework is diagnostic rather than temporal: it identifies what bad strategy is, without specifying when its costs become visible. The present article takes his hallmarks as its coding categories and adds the temporal dimension.

Blue Ocean Strategy and the Temporality of Uncontested Space

Kim and Mauborgne (2005) frame value innovation as the simultaneous pursuit of differentiation and low cost that renders existing competition irrelevant, opening market space where rivalry does not yet exist. The framework's less-emphasized corollary is central here: commercially attractive blue oceans are self-extinguishing. A demonstrated profit pool attracts imitators, and what determines how long the space remains uncontested is not the originality of the insight but the height of the barriers to imitation. Where the core offering depends on capabilities available to any entrant, contract manufacturing being the paradigm case in consumer goods, the imitation barrier is structurally low and the transition to contested competition is a matter of when rather than whether. The strategic

OPEN ACCESS

implication, underdeveloped in the original framework, is that the uncontested phase is the only period in which an early mover can build the assets that are not imitable, brand equity, distribution depth, and organizational discipline, and it is also the period in which the firm has the least apparent reason to do so.

The Growth Doctrine and Its Transplantation

The behavior of venture-backed firms is shaped by an explicit doctrine. Blitzscaling (Hoffman & Yeh, 2018) prescribes prioritizing speed over efficiency under conditions of near-zero marginal cost, strong network effects, and winner-take-most dynamics, where the cost of losing a land-grab exceeds the cost of inefficiency. The prescription is coherent within those conditions. Transplanted into physical consumer goods, where marginal costs are substantial, network effects weak, and the position contestable by any firm with access to comparable production, the same doctrine produces cost structures sized to aspiration rather than to achieved revenue, without the compensating dynamic that justified the trade in its original setting. The doctrine is thus not wrong but boundary-bound, and the failure to observe its boundaries is one route through which strategic debt accrues.

Why the Gaps Persist: Agency and Cognition

Agency theory (Jensen & Meckling, 1976) explains the persistence of self-referential measurement. Where principals delegate to agents, metrics that are internally controlled and easier to achieve, such as self-set growth targets, enjoy a structural advantage over metrics that are externally referenced and harder to influence, such as competitive position, because the former better serve the reporting interests of agents even where the latter better serve the interests of principals. The uncontested phase intensifies this asymmetry: while the market is empty, the internally controlled metric and the externally referenced metric point in the same direction, so nothing distinguishes them, and the firm's measurement architecture is selected on convenience rather than validity. Cognitive research adds the reinforcing mechanism. Anchoring on prior plans and confirmation-seeking in the interpretation of ambiguous signals (Hammond et al., 1998; Kahneman, 2011) allow a measurement system calibrated to one market condition to persist unchallenged after that condition has changed, particularly where the system continues to report growth.

The Debt Metaphor and Its Transfer

The metaphor of debt for deferred structural work originates in software engineering. Cunningham (1992) described shipping code that is expedient rather than correct as incurring a debt that must be repaid with interest through slowed future development, and subsequent work formalized the metaphor into a management construct with identifiable principal, interest, and remediation cost (Kruchten et al., 2012). Three features of the metaphor transfer usefully to strategy. First, the deferred item is not an error but a deliberate or default omission that is rational, or at least costless, at the moment it is made. Second, the cost is not incurred at the moment of omission but accrues silently and is realized later. Third, remediation is more expensive than original construction would have been, and grows more expensive with time. Following (Whetten, 1989) caution that borrowed constructs must earn their transfer by explaining something the source domain does not, and Jaakkola (2020) theory-synthesis approach to conceptual development, the following section specifies what strategic debt adds beyond the metaphor: a defined accrual condition (the uncontested phase), a defined pricing trigger (competitive entry), and a measurement instrument.

Analytical Anchors for the Taxonomy

Four further literatures anchor individual categories of the taxonomy developed below. The resource-based view and its VRIO test (Barney, 1991, 1995) determine whether any resource is simultaneously valuable, rare, inimitable, and organizationally exploited, and thereby whether an early mover's position is defensible at all; measurement discipline itself qualifies as an organizational capability under this view. (Porter, 1985, 1996) five forces and value chain locate the external pressure points and establish value-chain configuration as a strategic choice rather than an administrative one. Lean thinking Womack and Jones (1996) supplies the waste lens applicable to portfolio proliferation and contra-revenue leakage. Human-capital design Ulrich (1997) supplies the organizational-sizing lens, and Damodaran (2008) the valuation lens under which growth creates value only where returns on invested capital exceed the cost of that capital, the condition that distinguishes value-creating from value-destroying expansion.

METHOD

This article is conceptual rather than empirical. It follows the theory-synthesis approach described by Jaakkola (2020), in which a construct is developed by integrating perspectives from multiple established literatures to explain a phenomenon that none explains adequately alone, and is evaluated against Whetten (1989) criteria for theoretical contribution: it must specify what the construct is, how its elements relate, why the relationships hold, and under what conditions they hold and cease to hold. The development proceeds in four steps. First, the phenomenon is specified: the post-entry deterioration of early movers, and the anomaly in its timing that existing accounts do not resolve. Second, the construct of strategic debt is defined, together with its accrual conditions, pricing trigger, interest mechanism, and boundary conditions, the last being required so that the construct excludes cases rather than accommodating all of them. Third, the construct is decomposed into a taxonomy of six gap categories, each derived from and anchored to an established strategy principle, so that the taxonomy is theoretically grounded rather than enumerated from observation. Fourth, the construct is operationalized as a diagnostic instrument specifying the causal chain through which each gap is traced to a monetary quantity, and demonstrated through a stylized illustration.

The article advances no empirical claim and reports no firm-level data. The illustration presented in Section 4 is hypothetical and its values are stylized; it demonstrates the mechanics of the instrument and is not evidence for the framework. Consistent with MacInnis (2011) account of conceptual contribution, the framework's value rests on its explanatory coherence, its boundary specification, and its testability, and the propositions in Section 5 are stated so as to be capable of disconfirmation. The empirical validation of the framework is left to subsequent research, and Section 6 specifies the designs, both multiple-case (Eisenhardt, 1989; Yin, 2018) and longitudinal-quantitative, appropriate to that task.

RESULTS AND DISCUSSION

A. FRAMEWORK DEVELOPMENT

The Strategic Debt Construct

Strategic debt is defined as the deferred cost of strategy fundamentals not built during a period in which their absence carries no penalty, and which is priced, with interest, through identifiable profit-and-loss mechanisms once that period ends. The construct has four specified elements. The principal is the set of foundational capabilities not built: the measurement architecture, target logic, investment gates, portfolio discipline, channel-economics doctrine, and data governance enumerated in the taxonomy below. The accrual condition is the uncontested phase, during which the absence of these capabilities produces no adverse signal because the market performs their function. The pricing trigger is competitive entry, at which point each absent capability becomes a mechanism of margin loss. The interest is the differential between the cost of building a capability deliberately during the uncontested phase and the cost of retrofitting it under the time, cash, and rivalry pressure of the contested phase, a differential that increases with the duration of accrual.

The construct's central and least obvious claim concerns invisibility. It is tempting to attribute the absence of a strategy foundation in a growing firm to managerial negligence. The construct advances the opposite position: during the uncontested phase, the absence is not merely undetected but structurally undetectable by the firm's own measurement architecture, because that architecture reports the very growth the empty market is producing. This is what distinguishes strategic debt from ordinary mismanagement. Mismanagement produces adverse signals that are ignored; strategic debt produces no adverse signals at all until the trigger. It follows that the remedy cannot be greater diligence in reading the signals, since there are none to read, but rather the deliberate construction of an externally referenced architecture that would generate signals the internal one cannot. Table 1 specifies the construct's two phases.

Table 1. The Strategic Debt Construct: Accrual Phase and Pricing Phase

Dimension	Accrual phase (uncontested market)	Pricing phase (contested market)
Function of the market	The market substitutes for strategy: growth arrives without trade-offs	The market withdraws the substitution: every trade-off not made is now made by rivals
Cost of the absent foundation	Zero or near-zero; no penalty is incurred	Realized in full, through concurrent P&L mechanisms
Signal generated	None; internal metrics report growth and validate the status quo	Adverse, but lagged: signals arrive after the loss, not before
Perceived nature of the condition	Invisible; often perceived as evidence of success	Perceived as a financial or execution crisis
Rational managerial response at the time	Expansion; building the foundation appears to be unrewarded overhead	Retrenchment under pressure; the foundation must now be built at the worst moment
Remediation cost	Low: deliberate construction with time and capital available	High and rising: retrofit under cash, time, and rivalry constraints (the interest)

Source: developed by the authors, synthesizing Porter (1996), Rumelt (2011), Kim and Mauborgne (2005), and the technical-debt formalization of Kruchten et al. (2012).

Boundary Conditions

A construct that explains every case explains none, and specifying where strategic debt does not apply is therefore part of specifying what it is. The construct is bounded by four conditions, each of which must hold for the mechanism to operate. First, a genuinely uncontested phase must exist: the firm must be an early mover in a space without direct rivalry, since a firm that competes from inception receives corrective signals continuously and accrues no debt in the sense defined here. Second, imitation barriers must be low, so that the transition to contested competition is probable rather than speculative; where the offering is protected by patent, regulatory licence, or genuine network effects, the uncontested phase may be extended indefinitely and the debt may never be priced, which is precisely the condition under which the growth doctrine of Hoffman and Yeh (2018) is coherent rather than transplanted. Third, external capital must reward growth over profitability, since it is this reward structure, interacting with the agency asymmetry described by Jensen and Meckling (1976), that makes the absence of a foundation not merely costless but positively rewarded during accrual. Fourth, the firm's economics must be such that scale does not automatically confer defensibility; where marginal costs approach zero and scale is itself the barrier, the land-grab logic holds and debt accrual may be the correct trade. These boundaries generate the construct's most useful practical test, which a management team can apply without any data: a firm whose offering could be replicated by a well-capitalized entrant within a year, and whose measurement system contains no metric that would register that entrant before the profit-and-loss statement does, is accruing strategic debt at that moment, whatever its current growth rate reports.

The Six-Gap Taxonomy

If strategic debt is the deferred cost of an absent foundation, the taxonomy specifies what the foundation consists of, and therefore where the debt accrues. Six categories are derived, each anchored to an established strategy principle so that the taxonomy is theoretically grounded rather than merely enumerated. The categories are not proposed as independent faults but as six faces of a single condition, and the article advances a specific structural claim about their relationship: the first is causally antecedent to the remaining five. A firm without an externally referenced measurement system cannot detect the other five gaps, because each of them is detectable only by

OPEN ACCESS

reference to a competitive condition the firm is not measuring. This makes the measurement gap the root of the taxonomy rather than one item within it, and predicts that remediation sequences beginning elsewhere will regress. Table 2 specifies each category, its diagnostic question, its observable indicators, and its theoretical anchor.

Table 2. Taxonomy of Strategy-Foundation Gaps

No.	Gap category	Diagnostic question	Observable indicators during the accrual phase	Theoretical anchor
1	No externally referenced measurement system	Does any metric reviewed at board level register a competitive condition the firm does not control?	Performance reviewed against self-set targets only; competitor entry absent from formal planning; share data absent or unreviewed	Failure to face the problem (Rumelt, 2011)
2	Growth goals mistaken for strategy	Is the growth target derived from a financial model, or asserted and then justified?	Targets set as round aspirations; no stated mechanism by which the target is achievable; cost base sized to target rather than to achieved revenue	Mistaking goals for strategy (Rumelt, 2011)
3	No investment gate on organizational expansion	Does a hire above a defined threshold require a documented, revenue-linked business case?	Headcount growth outpacing revenue growth; compensation rising as a share of revenue; no documented case for senior layers	Incoherent action; resource-allocation discipline (Rumelt, 2011); human-capital design (Ulrich, 1997)
4	No portfolio-discipline criteria	Do standing criteria exist under which a product is discontinued, and have they ever been applied?	Portfolio proliferation; revenue concentrated in few items while the tail persists; contra-revenue and obsolescence rising faster than revenue	Absence of trade-offs (Porter, 1996); waste (Womack & Jones, 1996)
5	No channel-economics doctrine	Is the route-to-market configuration a periodic strategic decision, or an inherited arrangement?	Channel structure unchanged since inception; no account-level margin cascade maintained; intermediation cost unexamined	Value-chain configuration as strategic choice (Porter, 1985)
6	No governance over contra-revenue data	Do returns and allowances reconcile across commercial, intermediary, and finance systems?	Divergent records across systems; contra-revenue accepted without reconciliation; no owner for the definition	Measurement discipline as organizational capability (Barney, 1995)

Source: developed by the authors. Gap 1 is proposed as causally antecedent to Gaps 2 through 6 (see Proposition 6).

OPEN ACCESS

The Strategic Gap Ledger as Diagnostic Instrument

A construct that cannot be measured cannot be managed or falsified, and the principal objection to a construct such as strategic debt is that it is rhetorical: a way of describing losses after the fact rather than a way of detecting a condition in advance. The strategic gap ledger is proposed to meet that objection. It is a diagnostic instrument that traces each gap in the taxonomy through a four-link causal chain, converting an abstract deficit into a monetary quantity that can be audited, disputed, and summed. The four links are specified as follows. The gap is the absent capability, drawn from the taxonomy. The observable behavior is the managerial practice that the gap permits, stated in terms a third party could verify from records rather than inferred from outcomes. The mechanism is the specific profit-and-loss route through which that behavior reaches earnings, named at the line-item level rather than asserted generally. The quantified impact is the monetary consequence attributable to that mechanism, measured against the counterfactual in which the capability existed.

The instrument's discipline lies in the third link. It is the requirement to name a specific line-item mechanism that prevents the ledger from becoming a list of grievances: a gap for which no mechanism can be named does not belong in the ledger, and a mechanism that cannot be quantified must be reported as unquantified rather than asserted. Read column-wise, a completed ledger answers what the gaps are and what each cost. Read row-wise, it makes the article's central claim testable in a specific firm: that what is reported as a financial crisis is the itemized invoice for a strategic deficit accrued earlier. Table 3 presents a stylized illustration of a completed ledger. Its values are hypothetical and are included solely to demonstrate the instrument's mechanics; they describe no actual firm and constitute no evidence for the framework.

Table 3. Stylized Illustration of a Completed Strategic Gap Ledger (hypothetical values)

Gap	Observable behavior	P&L mechanism	Illustrative impact (index units)
1. No external measurement	Competitive entry absent from formal review for several planning cycles	Cost structure calibrated to the uncontested phase retained into the contested phase	Root enabler; impact realized through Gaps 2-6
2. Growth goals as strategy	Targets set as round aspirations without a supporting financial model	Fixed-cost base sized to target revenue rather than achieved revenue	10.0
3. No investment gate	Senior layers and field organization added without documented business cases	Compensation growth outpacing revenue growth; productivity dilution	8.0
4. No portfolio discipline	Long-tail items retained despite sustained high contra-revenue rates	Obsolescence and returns; promotional budget absorbed by the tail	4.0
5. No channel doctrine	Inherited intermediated structure carried without periodic review	Structural margin leakage per account	5.0
6. No contra-revenue governance	Returns recorded divergently across systems without reconciliation	Overstated contra-revenue depressing reported net revenue	3.0
		Total priced at transition	30.0

OPEN ACCESS

Illustrative and hypothetical. Index units are arbitrary and stylized (reference-year revenue = 100). The table demonstrates the instrument's structure; it is not empirical evidence and describes no actual firm.

B. PROPOSITIONS

The framework is stated so as to be capable of disconfirmation. Six propositions follow from the construct and its taxonomy; each specifies a relationship that empirical work could fail to find.

Table 4. Falsifiable Propositions

No.	Proposition	Disconfirming evidence would be
P1	Among early movers facing competitive entry, the number and severity of strategy-foundation gaps present during the uncontested phase is positively associated with the depth and duration of post-entry profitability deterioration.	Firms with many gaps deteriorating no more than firms with few, controlling for entrant resources
P2	Detection lag between competitive entry and its formal incorporation into strategic planning increases with the degree to which the firm's measurement architecture is self-referential.	Externally referenced firms detecting entry no earlier than self-referential ones
P3	The cost of remediating a given gap increases with the duration of its accrual (the interest condition).	Remediation costs invariant to, or decreasing with, accrual duration
P4	Agency conditions that reward internally controlled metrics increase the rate of gap accrual during the uncontested phase.	Gap accrual unrelated to the locus of control of the governing metrics
P5	Where imitation barriers are high (patent, licence, or network effects), gap accrual is not associated with subsequent deterioration (the boundary condition).	Deterioration following gap accrual even where the uncontested phase is structurally protected
P6	The measurement gap is causally antecedent: remediation sequences that address Gaps 2-6 without first closing Gap 1 regress within a defined period.	Durable remediation of other gaps achieved while measurement remains self-referential

Source: developed by the authors.

CONCLUSION AND RECOMMENDATION

Conclusion

This article has argued that the financial deterioration commonly observed in early movers following competitive entry is better understood not as a failure of execution but as the pricing of a deficit accumulated earlier, and it has developed the construct, taxonomy, and instrument required to make that argument testable. The construct of strategic debt specifies an accrual phase in which the absence of a strategy foundation is structurally invisible because the uncontested market performs the function the foundation would perform; a pricing trigger, competitive entry, at which each absent capability becomes a mechanism of margin loss; and an interest condition under which remediation grows more expensive with the duration of accrual. The taxonomy specifies six categories in which the debt accrues, each anchored to an established strategy principle, and proposes that the measurement gap is causally antecedent to the other five. The strategic gap ledger operationalizes the construct by tracing each gap through a four-link chain from gap to behavior to mechanism to monetary impact, and its discipline, the requirement that a named line-item mechanism connect each gap to earnings, is what distinguishes the instrument from a narrative diagnosis. The framework's theoretical contribution lies in adding a temporal dimension to a strategy literature that is largely atemporal about the cost of strategy's absence, and in specifying boundaries that exclude the cases, protected positions and genuine network effects, in which the growth doctrine's trade is coherent rather than

OPEN ACCESS

transplanted. Its practical implication is uncomfortable and, the authors suggest, precisely the point: the strategy foundation must be built during the uncontested phase, at the moment when it appears least necessary and when the firm's own measurement system is reporting that it is not needed, because its absence is priced only after the transition, when the cost of building it has multiplied and the time available to do so has collapsed.

Recommendation

For practitioners in venture-backed early-mover firms, the framework supports six governance principles corresponding to the taxonomy. Performance dashboards should incorporate at least one externally referenced metric, reviewed at the same governance level and cadence as revenue and earnings, on the reasoning that a metric the firm cannot influence is the only metric capable of registering a condition the firm does not control. Growth targets should be required to state the mechanism by which they are achievable, rather than asserted and subsequently justified. Organizational expansion above a defined threshold should pass an investment gate requiring a documented, revenue-linked case. Portfolios should be governed by standing criteria for discontinuation, applied on a fixed cadence rather than at moments of crisis. Channel configuration should be treated as a periodic strategic decision supported by account-level margin cascades. Contra-revenue should be reconciled across commercial, intermediary, and finance systems on a standing cadence, since it is the category in which measurement failure most directly and least visibly reduces reported revenue. Boards and investors, for their part, are positioned to counteract the agency asymmetry the framework identifies, by requiring that at least one externally referenced metric appear in the reporting package during precisely the period in which the firm's growth makes such a requirement appear unnecessary.

Limitations and Future Research

The framework is conceptual and has not been empirically validated; the illustration in Table 3 demonstrates the instrument's mechanics and is not evidence. Three limitations bound its present claims. First, the taxonomy's six categories are derived from established strategy principles rather than induced from a systematic sample, and empirical work may find categories that are redundant, or omitted. Second, the ledger's attribution of impact to mechanism assumes a counterfactual, what earnings would have been had the capability existed, that is estimable but not observable, and the instrument's reliability under different estimation choices is untested. Third, the construct's boundary conditions are argued rather than demonstrated, and P5 in particular requires cases from protected categories that the present article does not supply.

Three research designs follow. A multiple-case design (Eisenhardt, 1989; Yin, 2018) across early movers in categories with low imitation barriers would test the taxonomy's completeness and P6's sequencing claim, using replication logic across firms whose remediation sequences differed. A longitudinal quantitative design, sampling firms at the point of competitive entry and tracking gap counts against subsequent margin trajectories, would test P1 through P3, with entrant resources and category growth as controls. A matched design comparing protected and unprotected categories would test the boundary condition in P5, which, being the proposition most capable of falsifying the construct's scope, is the most valuable to attempt first. The authors note that the ledger instrument is also usable as a data-collection protocol in each of these designs, and that its four-link structure is intended to make gap measurement comparable across firms and researchers.

REFERENCES

Barney, J. B. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, *17*(1), 99–120. https://doi.org/10.1177/014920639101700108

Barney, J. B. (1995). Looking Inside for Competitive Advantage. *Academy of Management Executive*, *9*(4), 49–61. https://doi.org/10.5465/AME.1995.9512032192

Cunningham, W. (1992). The WyCash Portfolio Management System. *ACM SIGPLAN OOPS*, *4*(2), 29–30. https://doi.org/10.1145/157710.157715

Damodaran, A. (2008). *Damodaran on Valuation: Security Analysis for Investment and Corporate Finance* (2nd ed.). John Wiley & Sons.

Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *The Academy of Management Review*, *14*(4), 532–550. https://doi.org/10.2307/258557

OPEN ACCESS

Hammond, J. S., Keeney, R. L., & Raiffa, H. (1998). The Hidden Traps in Decision Making. *Harvard Business Review*, *76*(5), 47–58. https://www.hbs.edu/faculty/Pages/item.aspx?num=14700

Hoffman, R., & Yeh, C. (2018). *Blitzscaling: The Lightning-Fast Path to Building Massively Valuable Companies*. HarperCollins.

Jaakkola, E. (2020). Designing Conceptual Articles: Four Approaches. *Academy of Marketing Science Review*, *10*(2), 18–26. https://doi.org/10.1007/s13162-020-00161-0

Jensen, M. C., & Meckling, W. H. (1976). Theory of The Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kahneman, D. (2011). *Thinking, Fast and Slow*. Farrar, Straus and Giroux.

Kim, W. C., & Mauborgne, R. (2005). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant*. Harvard Business School Press.

Kruchten, P., Nord, R. L., & Ozkaya, I. (2012). Technical Debt: From Metaphor to Theory and Practice. *IEEE Software*, *29*(6), 18–21. https://doi.org/10.1109/MS.2012.167

MacInnis, D. J. (2011). A Framework for Conceptual Contributions in Marketing. *SSRN*, *75*(4), 136–154. https://doi.org/10.2139/ssrn.1845968

Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. Free Press.

Porter, M. E. (1996). What Is Strategy? *Harvard Business Review*, *74*(6), 61–78. https://www.hbs.edu/faculty/Pages/item.aspx?num=10698

Rumelt, R. (2012). Good Strategy/Bad Strategy: The Difference and Why It Matters. *Strategic Direction*, *28*(8), 336. https://doi.org/10.1108/sd.2012.05628haa.002

Ulrich, D. (1997). *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results.* Harvard Business School Press.

Whetten, D. A. (1989). What Constitutes A Theoretical Contribution? *Academy of Management Review*, *14*(4), 490–495. https://doi.org/10.2307/258554

Womack, J. P., & Jones, D. T. (1996). Lean Thinking : Banish Waste and Create Wealth in Your Corporation. *Journal of the Operational Research Society*, *48*(11). https://doi.org/10.1038/sj.jors.2600967

Yin, R. K. (2018). *Case study research and applications: Design and methods* (6th ed.). Sage Publications.

OPEN ACCESS