

2023 Volkswagen Passenger & Light Commercial Vehicle Dealership Application Criteria

The Volkswagen dealer network is classified into 4 types of full function dealership types:

Dealer Classification	Metro (A+)	Metro (A)	Urban (B)	Rural (C)
Estimated Land Size	10000m ²	8000m ²	6000m ²	4000m ²
Showroom Display Area	550m ²	360m ²	240m ²	180m ²
Vehicle Display	15	12	8	6
Estimated Monthly Vehicle Sales	100+	70 to 100	40 to 70	15 to 40
Estimated Vehicle Sales Executives (minimum 1 sales executive for every 8 Vehicles sales potential)	12+	7 – 12	4 – 7	2 - 4
Estimated MasterCar Display	40+	30	20	10
Estimated Monthly MasterCar Sales	50+	40	30	20
Estimated MasterCar Sales Executives (minimum 1 sales executive for every 8 Vehicles sales potential)	10+	8	5	2
Estimated Active Workshop Bays Excluding Diagnostic, Wheel Alignment & Sick Bays	20+	15	10	4

Volkswagen South Africa has sole discretion in the appointment of a dealership franchise.

Volkswagen suggested minimum preliminary requirements are as follows:

1. Completion of the Preliminary Enquiry document
2. CVs of all proposed management and owners of the business;
3. Personal profile of owner/s including financial standing (personal income statement and balance sheet)
4. A profile or prospectus if an organization or entity;
5. Memorandum of intent detailing site locations, funding and economic motivations for having a dealership;
6. Copies of building/land ownership or lease agreements
7. Proof of ability to secure the necessary floorplan facilities from a recognised financial institution (new and used vehicle stock funding);
8. CVs of dedicated representative management indicating necessary skills to run a Volkswagen dealership;
9. Proof of ability to obtain securities such as personal suretyships, cessions, bonds;
10. Ability to obtain security in relation to Parts and Accessories in the form of a demand bank guarantee from a recognised financial institution (parts stock funding);
11. Should an application be successful, the dealership / group shall submit its B-BBEE scorecard to VWSA within 12 months of commencing trade and shall meet targeted scorecard levels in line with the broader VWSA Dealer Development strategy for BBBEE; (not necessary for countries outside South Africa);
12. Submission of a BEE proposal with a minimum of 50.1% ownership for approval by VWSA and implementation of such with immediate effect or by the commencement date;
13. Copy of the business shareholders agreement detailing ownership structure;
14. Submission of a comprehensive business plan, including cash flow statement and balance sheet;
15. Copy of audited financials of the holding company;
16. Copy of a signed sale agreement (if applicable);
17. Copy of the property lease agreement (if applicable);
18. Completion of the VWAG Business Partner Due Diligence audit.

The application process involves amongst others:

1. VWSA being willing to investigate the opening of a dealership in a particular area
2. Completing the preliminary enquiry document and meeting the above minimum requirements
3. VWSA assessing the preliminary enquiry from all applications
4. Meeting with potential applicants should they align with VWSA requirements
5. Vetting applications
6. Submitting all applications to the VWSA Board for approval should it be decided to expand into an area
7. The Board deciding on the successful applicant
8. Completion of the application process and documentation
9. Implementation of the appointment process

General:

1. VWSA is currently not actively expanding its dealer network and has no identified open sites.
2. Ownership of a dealership site is dependent on the dealer operator. VWSA is not involved in this ownership or funding process
3. Approximate land sizes of dealerships depend on their locations and category of dealership. Refer table above.
4. Start-up cost indications are as per the table above and exclude land cost as this varies depending on the dealership location and size.
5. Own contribution is determined by the financial institution loaning the finance. VWSA is not involved in this.
6. VWSA does not have a preferred funding institution provided it is a recognised reputable institution.
7. VWSA does not have a royalty or advertising assistance structure. Dealers have to comply with the Dealer Agreement which entitles them to sell and service contractual products.
8. There is no financial assistance from VWSA on any start up elements.
9. New and Used vehicle stock is financed separately with VW Financial Services and is the responsibility of the dealer. No consignment stock is issued.
10. VWSA provides training on all aspects of the business.
11. VWSA management reviews all applications with the final approval being at its sole discretion.

12. Applications can be made to Volkswagen Group South Africa; Dealer Development Manager; Volkswagen Dealer Development Department; 129 Patricia Road; Sandton; tel. +27119112700

END.